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SCHOOL BUSINESS BULLETIN

Bulletin No. 16

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

General Financial Management Matters

1. Web-Based Communication - This is a reminder to district personnel that most communication from the Financial Management and Accountability Team is now web-based. Except where noted, districts must download information from our web site. Many types of reports and data sources are available including the UFARS Manual, the Profiles Report, Financial Conditions Report, Indirect Cost Rates and other information from Pupil Transportation and Health & Safety/School Facilities. If you are not sure how to navigate through the system or what type of report or data source contains the information you need, please call us at 651/582-8477.

Also, please periodically check "What's New" for any new additions to this website.

2. Discontinued Reserved Funds - Reserved fund balances represent available resources dedicated for specific purposes. They are created by the Legislature to ensure that revenues are used only for specified purposes. The reserved funds that are *no longer* being funded by legislation are:
 - 412 Reserved for Bus Purchases
 - 429 Reserved for Parental Involvement
 - 433 Reserved for Student Transportation Safety (final adjustment payment in FY 2000)
 - 437 Reserved for Graduation Standards Staff Development
 - 438 Reserved for Graduation Standards Gifted & Talented
 - 439 Reserved for Graduation Standards

If there are balances in these reserved accounts they must be expended for the specified purposes until the above listed reserved balances become zero.

3. Turnaround Reports - The second year of direct UFARS data Internet reporting has been quite successful. Regional centers and individual districts have been able to upload district data as many times as necessary and have received turnaround reports in a timely manner.

This year, school districts (Independent and Charter Schools alike) are being provided two different types of information to assist them in successfully loading their unaudited/audited UFARS data for fiscal year 1999-2000.

- a. The District Error Report provides the reporting entity with feedback on problems that prevented the district from successfully uploading data. This report addresses errors that exist between the various dimension combinations and individual codes that are incorrect. These errors are listed in the report and identified by an abbreviated statement. The definitions of those abbreviations are:

Bad ORG = Bad Organization Code or Site Number
Bad SRC = Bad Source Code
Bad GNL = Bad General Ledger Code
Bad OBJ = Bad Object Code
Bad FIN = Bad Finance Code
Bad UNR = Bad Unrestricted Code Combinations
Bad RES = Bad Restricted Code Combinations.

The two most common reasons districts are unsuccessfully uploading data are: a.) reporting the wrong site – organization numbers; and b.) bad restricted code combinations. Also, please remember to change the header record to reflect the correct year and the most recent date and time when uploading UFARS data. If this is not done your data will not load nor will you receive any Error Report.

- b. The UFARS Turnaround Edit Report provides the reporting entity with information regarding those entries which are problematic once the data has been successfully uploaded. This report identifies:
 - i) reserve accounts that have negative balances which cannot contain negatives;
 - ii) chargeback codes that do not zero out;
 - iii) balance sheet codes that are no longer funded which have ending balances greater than their beginning balances;
 - iv) program code 930 that does not zero out;
 - v) finance codes 302, 317, 330 and 334 that have no activity; and
 - vi) object codes with negative expenditures that are to be changed as needed.

When needed, the District Error Report or the UFARS Turnaround Edit Report is currently being faxed to the reporting entity to provide feedback. In the near future, both reports will be placed on the Department's web site the morning following the data upload. The UFARS Turnaround Edit Reports may now be found on the Department's web site at

Go to:

District Funding and Payment Reports;
District Name;
Report Category; and
UFARS Turnaround Reports 99-00 and Edit Report.

Please review your reports to ensure that the Department has correctly received the data. Corrections may be submitted at any time. According to Minnesota Statute, unaudited data was to be reported to the Department of CFL by September 15, 2000 and final audited data is to be uploaded by November 30, 2000. If these deadlines are met, then adequate time will be available to correct data and prepare required legislative reports.

- 4. Compliance Tables - Audited compliance table data must be entered into the Department's database by November 30, 2000. It has been requested that the CPA be responsible for this submission, but it is the responsibility of the district to make sure that the submission was received by the Department.

5. Compliance Table Comparison Report - The FY 2000 Compliance Table Comparison Report is now available online. To access this report you must have both your audited financial data and UFARS data entered into the Department's database
6. GASB 34 - Fixed Assets - There are a number of people in the state who are working to make the eventual implementation of the fixed assets requirements an easier task. The sub-committee is working to develop a list of vendors of appropriate software programs and a list of vendors who will complete on-site appraisals for schools. When those lists are available, they will be sent to districts for their possible use.
7. Indirect Costs - We have received several calls requesting information on the federal indirect cost rates. That information is easily obtained on our web site. The path to the information is: begin at the main CFL site. At the CFL main menu, CLICK on District Information box at the left side of the screen. Scroll down to Financial Management and Accountability and District Support Teams and CLICK. Go to Financial Management and Accountability box at the left side of the screen and CLICK. Scroll down to Reports. You will see Indirect Cost Rates listed for FY 1999-2001. Choose the appropriate year and CLICK. Then, you merely have to scroll down the list of districts until you find your district and its information on indirect costs-restricted and unrestricted.
8. Concerning 1999-2000 Audits
 - a. Testing Compliance (Charter schools only) - With the end of the FY 2000 legislative session, there was a clarification in the audit requirements. Minn. Stat. 123B.77, subd.3 requires that the audit must be conducted in compliance with generally accepted governmental auditing standards, the Single Audit Act, and the Minnesota legal compliance guide issued by the Office of the State Auditor. This change clarified what was already being done in most school district audits as well as many charter school audits. However, there were some audits that did not test compliance on all six categories from the Minnesota Legal Compliance Audit Guide. As a reminder, it is suggested, but not required that your auditor test compliance for all six categories for the year ending June 30, 2000. For the year ending June 30, 2001, the statutory requirement will be enforced. This means that your auditor MUST test compliance on all six categories from the Minnesota Legal Compliance Audit Guide for the year ending June 30, 2001 and for subsequent years.
 - b. Management Letters and Student Activity Audits (all schools) - Starting with FY 1999, management letters were to be included with the audits as per Minn. Stat. 123B.77, subd. 3. This year the hardcopy audit reports and management letters are due in the Department by December 31, 2000. Also, please include your student activity audit with your audits or a statement in the notes section stating that all student activity funds are under board control.
 - c. Required Reports in the Audit - As a reminder to districts (including CHARTER SCHOOLS), the following reports must be submitted with the audits:
 - Report on Financial Statements
 - Report on Entity's Internal Control Structure
 - Report on Entity's Compliance with Laws and Regulations
 - Corrective Action Plan for all material findings
 - Student Activity Audit or statement that funds were audited with the General Fund
 - UFARS Compliance Table
 - Single Audit Reports (if Single Audit engagement)
 - Management Letter

This reminder was sent to all LEA Audit Firms in June 2000. They were reminded that one copy of the audit and all reports were to be sent to the Department of Children, Families and Learning to the attention of Ms. Debrah Firkus. Also, one copy was to be sent to the State Auditor's Office no later than December 31, 2000.
9. Lease Aid - Charter Schools - Approximately half of the charter schools have completed the necessary paper work on Lease Aid requirements. If your charter school has previously received Lease Aid, you only have to submit a letter of request to Nancy A. Schultz.

If your charter school is negotiating a new or revised lease, please refer to the letter of August 1, 2000 regarding Lease Aid requirements. Again, you may wish to contact Nancy at the above telephone number or e-mail address with questions concerning the requirements.

10. UFARS Training Workshop - There will be a general training program conducted by the Financial Management and Accountability Team on the UFARS system. It will be held at the Fairview Community Center, Roseville. The workshop will begin at 8:30 a.m. and conclude at 3:00 p.m. on November 16, 2000.

Pupil Transportation

1. Sales Tax on Bus Purchases - School districts purchasing school buses must still pay sales tax on those purchases. A law change that was effective July 1, 2000 exempted nonpublic schools from paying the sales tax on bus purchases – but not public school districts.

If your district purchased a school bus after July 1, 2000 and has not paid the tax, the Department of Public Safety (DPS), Motor Vehicle Division, will be billing your district in the near future. After receiving the bill, school districts should contact their local Deputy Registrar to pay the tax.

Districts that have already submitted the District-Owned School Bus Transaction Card will have to file an amended card. Copies of the card may be downloaded from our web site. Select "Transportation Forms" to find a copy of the card.

Districts are also reminded that the sales tax must be paid on the total price of the bus (chassis and body). Occasionally, a district will pay the sales tax on the chassis price only. School districts will not be able to renew the registration on the school bus until the tax on the body price is paid.

If you have any questions about this matter, contact Linda Schroeder, CFL, at 651/582-8855, or the DPS General Information Office at 651/296-6911. You may also contact your local Deputy Registrar.

Health and Safety

1. Free Environmental Purchasing Resource - A new, easy-to-use guide helps purchasers buy what they need while still being sensitive to environmental issues. The *Environmentally Preferable Purchasing Guide* provides answers to questions about the cost and performance of more than 30 "green" products including: less toxic cleaners, recycled copy paper, pest management services, and energy efficient computers. The guide also explains where to find these products locally and provides sample purchasing specifications for bid solicitations.
2. Children's Environmental Health - The Minnesota Department of Health has a web site to improve access to information about children's environmental health.

The site describes MDH programs and activities related to a variety of children's environmental health issues, including cancer surveillance, school indoor air quality, chemical exposures, health professional education and asthma. The site also provides links to other related web sites for more information. If you are aware of additional MDH programs or activities that are appropriate for this web site please contact Chuck Stroebel (651/215-0919) or Kathy Grantham (651/215-0743).

3. Mercury vapor and metal halide lamps pose a danger - A recent incident in a rural North Dakota school gymnasium causing six people to visit an emergency room with burns to the skin and eyes prompted the writing of this notice.

Mercury vapor and metal halide lamps are highly efficient, energy-saving lamps. They are widely used to light both indoor and outdoor areas, including gymnasiums, department stores, banks, factories, highways, parks and sports fields. If these lamps are in good operating conditions, they are generally safe to use. However, if these lamps become damaged, certain types can emit high levels of harmful ultraviolet radiation.

Consider the following safety alert for use in your facilities:

Warning: Mercury vapor and metal halide lamps emit dangerous levels of harmful ultraviolet radiation when damaged.

- The gas-filled tube in each lamp is surrounded by a glass envelope that absorbs most ultraviolet radiation, but allows visible light to pass through.
- If the outer glass shell is broken but the inner tube is undamaged, certain lamps may continue to operate while emitting hazardous ultraviolet radiation.
- A 400-watt damaged mercury vapor or metal halide lamp, at a distance of 17-20 feet, can exceed the 8-hour radiation threshold limit within 5 minutes.
- Exposure to high levels of ultraviolet radiation can cause serious skin and eye injuries.

Currently, two types of lamps are manufactured. Type "T" lamps are self-extinguishing and will cease to operate if outer shells are damaged or broken. Type "R" lamps are not self-extinguishing and may continue to operate if protective outer shells are damaged or broken. All lamps must be clearly labeled. The designation "T" or "R" must be stamped in each lamp's base in such a way that it is readable even if the outer glass envelope is broken.

In addition, all type "R" lamps must contain the following warning:

"This lamp can cause serious skin burn and eye inflammation from short wave ultraviolet radiation if outer envelope of the lamp is broken or punctured. Do not use where people will remain for more than a few minutes unless adequate shielding or other safety precautions are used. Lamps that will automatically self-extinguish when the outer envelop is broken or punctured are commercially available."

The Minnesota Department of Health, Radiation Control Unit strongly encourages the following:

- Any area where people remain for more than a few minutes should contain only type "T" self-extinguishing lamps.
- All lamps, whether type "T" or type "R" should have metal screens or other protective covers to prevent outer glass envelopes from breaking if struck by balls or other objects.
- If type "R" lamps are used, ultraviolet shielding enclosures should be in place to shield the radiation if the outer glass shells become damaged or broken (metal screens are ineffective in shielding ultraviolet radiation).

Questions should be directed to the Radiation Control Unit, Minnesota Department of Health at 651/215-0930.

4. Emergency Pesticide Applications - The Minnesota Department of Health (MDH) recognizes that there may be emergency situations that require schools to take immediate action to control pests. For example, bees and wasps have the potential to cause a life-threatening allergic reaction (e.g. anaphylactic shock) in some children. Other pests may pose immediate health concerns, depending on individual factors and conditions in schools. While emergency situations are rare, the MDH considers it prudent policy for schools to be able to respond to an immediate health threat in a timely manner. Therefore, a school principal or other person having general control and supervision of the school may take immediate action without prior notification if the situation constitutes an emergency. The MDH defines an emergency as a situation which poses an immediate threat to the health and safety of people on school property.

In many cases, schools may prevent emergency situations by implementing integrated pest management (IPM) practices. The MDH encourages schools to use IPM as a strategy to reduce pesticide use. For information about IPM and alternatives to pesticides, contact Jeanne Ciborowski, Minnesota Department of Agriculture (651/297-3217) or link to the University of Minnesota Extension web site.