Minnesota Department of Education

This document has been reformatted for accessibility purposes.

SCHOOL BUSINESS BULLETIN

Bulletin No. 14 May 2000

Inside This Bulletin:

General Financial Management Matters
UFARS Manual Update
Pupil Transportation
General Information

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

General Financial Management Matters

1. F.Y. 2000 Aid Confirmation Reports - The Aid Confirmation Pay Reports may now be found on the Department of Children, Families & Learning (CFL) website. These reports will provide the following information: the warrant number, the internal agency cost codes, the payment description printed on the checks, and the UFARS codes for all payments made by the various agencies of the state of Minnesota. This report may be found under the heading of "District Funding and Payment Reports" along with the IDEAS reports and other aid payment reports generated by the Education Funding Team. The information contained in these reports is intended to assist school districts in recording revenues received from the state of Minnesota more accurately and timely. In the past, the Aid Confirmation Pay Reports were provided after the end of the fiscal year to the auditors and school districts upon request.

   Please note that these reports will be updated quarterly during the fiscal year. The report that is now on the web is from July 1, 1999 through March 31, 2000. The fourth quarter report should be added the first week in July.

   To access this report, log on to the Department's website, click on the following buttons: District Information, District Funding and Payment Reports, click on the first letter of the district name and select district from list, select "Report Category" from "View Reports" and select "FY 99-00 Aid Confirmation Pay Report." If you need to access the crosswalk between the state/federal and UFARS codes or need information on who to contact for questions on the various payments, go to: District Information; Financial Management, Transportation and Accountability; scan down to "FY 99-00 Aid Confirmation Report Crosswalk." If you need further assistance in finding these reports, please call Debrah Firkus at 651/582-8775 or Yvonne Wilkes at 651/582-8477.

   If you cannot access our website, we will send paper copies to your district or audit firm.

2. F.Y. 2000 Audit and UFARS Timelines

   This is just a reminder that the audit and UFARS timelines for F.Y. 2000 are:

   - Preliminary UFARS data is due to the department by September 15, 2000;
   - Final UFARS data is due to the department by November 30, 2000;
   - Audited compliance table data is to be entered into the database via the Department's web page by November 30, 2000; and

- Audited Financial Reports are due to the department by December 31, 2000.

If you have any questions, please call Debrah Firkus at 651/582-8775 or Ken Moos at 651/582-8737.

3. Limited English Proficiency (LEP) Funding Change – Because the legislature has changed the distribution formula for LEP basic revenue, this year (F.Y. 2000) is the last year that the Department of Children, Families & Learning will use the current formula. There is no change in the LEP concentration revenue formula.

   Beginning next year (F.Y. 2001), all LEP basic revenue funds will be determined by the number of enrolled LEP students as reported in MARSS. Therefore:

   - It will no longer be necessary to submit an initial or final application form (ED-01307-24) in order to receive funding. (Please do submit the final application for this school year, 1999-2000.)
   - It will be very important to correctly identify enrolled LEP students and report their number accurately in MARSS.

   LEP basic funds will be generated beginning F.Y. 2001 in the following manner:

   Districts will receive $584 for each enrolled LEP student reported in the unduplicated, end-of-year student count as reported in MARSS. There are two important provisions to keep in mind:

   1. Districts with a reported LEP enrollment between 1 and 20 students will receive funds as if there were a reported enrollment of 20 students. This sum represents the minimum basic revenue a district reporting LEP students will receive. It equals $11,680.

   2. Funds are slightly weighted to adjust for changes in the LEP population. Ninety percent of the funding is based on the actual LEP count during the current fiscal year and 10% on the count of the previous fiscal year. Thus, the final new formula for LEP basic revenue is:

      ($584)(.9)(number of LEP students reported in MARSS for the actual fiscal year)
      + ($584)(.1)(number of LEP students reported in MARSS for the previous fiscal year) =
      Total LEP basic revenue for the actual fiscal year

   The initial LEP allocation will be based on the number of LEP students reported by the district in the July enrollment projections report (ED-00035-23; a sample is enclosed). Payments during the year will reflect changes in LEP enrollment if districts amend their enrollment projection report. For example, a district which moves from no LEP enrollment to one LEP student at any time during the school year can begin receiving funds if the district's LEP pupil projection is changed from 0 to 1. The final payment made for the school year (the clean-up payment) will balance any discrepancies between the district's LEP pupil projections and the actual LEP enrollment as reported in MARSS.

   It is hard to predict if this change for F.Y. 2001 will reflect an increase or decrease in the amount of funds earmarked for LEP students in your district. The current formula calculates LEP basic revenue based on a combination of the number of LEP students and a percentage of teacher salaries, plus a percentage for purchased materials. For detailed information with examples regarding current LEP funding, see the administrative manual *Guidelines for Serving Students with Limited English Proficiency* (1998, pp. 8-11).

   The new funding formula does provide districts with greater flexibility. Funds generated by LEP students can appropriately be used to support LEP students in a variety of ways, including teacher salaries, materials, professional development activities, and training for mainstream classroom teachers and bilingual paraprofessionals. In any event, the new funding formula does not alter the necessity of providing quality instruction to LEP students. As before, LEP funds are intended to help offset some of the costs incurred by students with special needs.

It is imperative that MARSS Coordinators and LEP Coordinators work closely together to correctly identify and report LEP students, beginning with F.Y. 2000. MARSS Coordinators and LEP Coordinators should report significant changes in LEP enrollment during the year to the Business Manager.

Please direct questions about LEP programming to:	Please direct questions about MARSS reporting to:	Please direct questions about LEP funding to:
Paul Magnuson 651-582-8649	Marilynn Loehr 651-582-8592	Bob Porter 651-582-8851
Leigh Schleicher 651-582-8630	Jodi Schmidt 651-582-8683	

4. Secondary Vocational Aid - In order to receive Secondary Vocational Categorical Aid, districts must complete a two-part process. First, they must complete an application requesting funding. Second, they must enter values in the appropriate UFARS codes. The secondary vocational application must be filed through the EDRS system. The EDRS submission must list staff AND expenditures. This data is used to make initial payments until UFARS data become available following the close of the fiscal year. When UFARS data becomes available, a comparison is made between data submitted via EDRS and data submitted via UFARS. The lesser of the two amounts are used in the final aid calculation. A list of what UFARS codes are used in the comparison is published in the Secondary Vocational Manual. These codes are the ONLY codes that will be considered for inclusion in the Secondary Vocational Categorical Funding.

   Requests have been made for additional UFARS codes to be added to the list of acceptable Secondary Vocational Categorical Funding Codes. Effective for the 1999-2000 school year the following UFARS Object Codes will be included for comparison with EDRS for categorical aid:

   Object Code 199, Salary Adjustments – Full Cafeteria Plans/Cash in Lieu of Benefits. This Object Code will apply for both the Secondary Vocational (regular) programs and the School-to-Work Disabled programs. This includes the adjustment necessary to align contracts to payments when employees in qualified cafeteria plans choose to receive cash amounts different from that specified in their contract.

   Object Code 555, Technology Equipment. This applies only to School-to-Work Disabled programs to which an approved *Secondary Vocational Education Programs for Students with Disabilities Equipment Application and Claim for Funding* form (ED-00365-14) has been approved by the Department. This includes computers and peripheral equipment, interactive telecommunications equipment, cameras, monitors and microphones.

5. ALCs and Tuition Billing - In specific instances an ALC (Area Learning Center) or ALP (Public Alternative Learning Center) must bill tuition. Following is a description of the three types of ALC/ALP host arrangements and the circumstances under which an ALC/ALP must bill tuition.

   ALC/ALP in an Independent District
   An ALC/ALP operated/hosted by a single district is considered a school within the district. Students enrolled in the ALC/ALP, through Graduation Incentives (Minn. Stat. § 124D.68), generate general education revenue for the host district, including nonresident students. Nonresident students are listed in the Enrollment Options category of the MARSS Nonresident Report with a MARSS State Aid Category of 03. No tuition can be billed except under special education or Care and Treatment; refer below.

   ALC/ALP in a Cooperative District with a Fiscal Host
   An ALC/ALP operated/hosted by a cooperative district, e.g., intermediate district, vocational or special education cooperative, education district, or any other joint powers agreement, is considered a school within the cooperative for reporting purposes. All students are considered nonresident students. When one of the member districts acts as the fiscal host on behalf of the ALC/ALP, the students enrolled through Graduation Incentives (Minn. Stat. § 124D.68) are reported by the cooperative with a

MARSS State Aid Category of 03 and will generate general education revenue for the fiscal host district. Students are listed in the Enrollment Options category of the MARSS Nonresident Report. No tuition can be billed except under special education or Care and Treatment; refer below.

ALC/ALP in a Cooperative District without a Fiscal Host
An ALC/ALP operated/hosted by a cooperative district, as described above, is considered a school within the cooperative for reporting purposes. All students are considered nonresidents. However, when none of the member districts acts as the fiscal host on behalf of the ALC/ALP, the students enrolled in the ALC/ALP can only generate general education revenue for the resident district. Students are listed in the Tuition category of the MARSS Nonresident Report. The ALC/ALP must bill the student's resident district tuition, even for those who transferred to the program via Graduation Incentives and are reported with a MARSS State Aid Category of 03. Tuition is specified in Minn. Stat. § 127A.47, subd. 7(e). Following is a list of cooperatives that currently host an ALC/ALP but lack a designated fiscal host. These programs must bill the student's resident district tuition.

287-06 Hennepin Technical Intermediate District
915-52 Southern Plains Education Cooperative
917-06 Dakota County Intermediate District
926-83 Youth Educational Services
966-51 Wright Technical Center
6004-61 Freshwater Education District
6012-61 Zumbro Education District
6026-61 West Central Education District
6049-61 Riverbend Education District
6961-61 Leaf River Education District

Special Education
Students with IEPs enrolled in ALCs via Graduation Incentives generate general education revenue as described above. However, the student's resident district is responsible for the unreimbursed special education costs provided under a current IEP by licensed special education staff. The tuition billing must show a deduction for any revenue that the enrolling district generated on behalf of the student.

Care and Treatment
Some ALC/ALPs are the designated provider of instructional services for a local hospital or other treatment program, or correctional facility. Students are placed in the treatment/correctional facility via Care and Treatment (Minn. Stat. § 125A.51) not via Graduation Incentives. Students enrolled in ALCs/ALPs via a Care and Treatment placement generate general education revenue for the resident district. These students are listed in the Tuition category of the MARSS Nonresident Report. The ALC/ALP will report these students with a MARSS State Aid Category of 27 rather than 03.

UFARS Manual Update

1. New UFARS Code – One new source code has been established for Fiscal Year 2000 since the publication of the August School Business Bulletin; Source Code 650, Revenue Reallocation Among Sites (Fund 01). Enter General Education and Referendum revenue that is to be allocated to each building site in the district where the children who have generated the revenue are served. A district may, by board resolution, reallocate the revenue among buildings or for district-wide services.

2. Textbook Definition - In the current UFARS Manual, Object Code 460 defines textbooks as "books, or books on VCR tapes or CD-ROM that a pupil uses as a text or text substitute in a particular class or program. This includes books and books on VCR tapes or CD-ROM, workbooks or manuals, whether bound or loose-leaf, intended for use as a principle source of study material for a given class or group of students, a copy of which is expected to be available for the individual use of each pupil. Materials prepared and/or copied at the school qualify as textbook substitutes if such materials are basic (not supplementary) to a unit of study." This definition is in concert with the textbook definition as presented in Minn. Stat. § 123B.41, subd. 2. Textbooks, as defined above, may be purchased with operating capital funds as outlined in Minn. Stat. § 126C.10, subd. 20.

Please periodically check our website, *District Information; Financial Management, Transportation and Accountability* for any revisions to the UFARS Manual chapters.

Pupil Transportation

1. Sample Cost Allocation Method for a District that Owns its School Buses – Districts can now access this revised sample cost allocation method on our web page. Click on “District Information,” and then “Financial Management, Transportation and Accountability Team.” Scroll down the page to the “Uniform Financial Accounting and Reporting Standards – 2000.” Select “16. Financial Accounting & Reporting, Section I – Cost Allocation Standards.” Only pages 43 through 52 have been revised. This revision includes information on the different finance numbers from which districts can purchase buses, information on transportation chargebacks zeroing out at year-end, and other miscellaneous updates.

   Districts may also access a sample cost allocation for a district that contracts for its bus service. The sample cost allocation method for a contractor-owned operation can be found at the same location (pages 41 and 42). There have not been any changes to this method.

General Information

1. UFARS Training Workshop - The next One-Day UFARS Training Workshop is scheduled for July 19, 2000. This workshop is designed for new business managers, bookkeepers and new school business office personnel. If you are interested in attending the workshop, please contact Yvonne Wilkes at 651/582-8477 for registration materials.

2. GASB 34 Pilot Committee - A pilot committee to review accounting requirements for GASB 34 is being established through the Department of Children, Families & Learning, Financial Management and Accountability Team. The committee will include representation from the CFL, State Auditor's Office, Accounting Guidelines Committee, Minnesota Society of Certified Public Accountants and selected districts. If you would like more information regarding this committee.

3. New Report on Web - The "F.Y. 1999 Statutory Operating Debt" report is now on the Department's website at *District Information; Financial Management, Transportation and Accountability;* scan down to "Reports."

   Also, the "F.Y. 1999 Financial Condition of Minnesota School Districts" will soon be available on our website at the same location.

   Please periodically check our website for new updates and reports pertaining to school business management.

4. New Staff Member - We are pleased to announce the addition of a new staff member to the Financial Management and Accountability Team. Nancy Schultz has accepted the position of Charter School Coordinator, effective May 22. She will be working with charter school issues and offering financial management assistance. Her phone number will be 651/582-8712.