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SCHOOL BUSINESS BULLETIN

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

General Financial Management Matters

1. Direct Reporting – The first year of direct UFARS data Internet reporting has been very 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 more timely manner than ever before. The procedures to complete the upload process were contained in the 11th edition of *School Business Bulletin*.

The main problem districts are finding is that the correct organization code for each site was not used in the expenditure codes. Every district must use the site numbers assigned to the district for MARSS, STAR and UFARS reporting. This includes all non-public schools and other learning sites such as ALC/ALP programs.

The turnaround reports enable the districts to see what data the Department of CFL has received and where there is a need for correction. Districts should be aware of the corrections that have been documented on the reports and should make the necessary journal entries to correct the data.

Unaudited data was to be reported to the Department of CFL by September 15, 1999 and final audited data is to be corrected and uploaded by November 30, 1999. Letters of non-compliance have been sent to districts that have not met the deadlines in this statute.

Please contact Ken Moos if you have any questions on year-end reporting or about the turnaround reports at 651/582-8737.

2. Compliance Table – Audited compliance table data must be entered into the Department's database by November 30, 1999. It has been requested that the CPA be responsible for this submission. For information contact Debrah Firkus at 651/582-8775.
3. Management Letters – Starting with F.Y. 1999, management letters are to be included with the audits. They are due in the Department by December 31, 1999. To avoid unnecessary phone calls and letters, please make sure you have submitted a copy of the management letter (Minn. Stat. § 123B.77, subd.3) or a letter stating that one was not done. Also, please be reminded that student activity audits are also required to be included with your audits or a statement in the notes section stating that all funds are under board control. If you have any questions, contact Debrah Firkus (651) 582-8775.

4. Indirect Cost Rates – The indirect cost rates are available on the Department's website. Click on District Information; Financial Management, Transportation and Accountability; and scan down to Reports. If you have any questions, please call Chuck Kinn at (651) 582-8802.

UFARS Manual Update

1. New Codes – Two new finance codes have been established for Fiscal Year 2000 since publication of the August *School Business Bulletin*.

Finance Code 411, Federal Comprehensive School Reform Grants (Fund 01). To be used to record revenues and expenditures for the Comprehensive School Reform Program (P.L. 105-78; CFDA No. 84.332). This program is intended to stimulate school-wide change to enable all children to meet challenging state content and student performance standards.

Finance Code 702, After-School Snack Program (Fund 02). This was established to record revenues and expenditures for the After-School Snack Program. This program is part of the National School Lunch Program (P.L. 105-336; CFDA No. 10.555).

2. Updated UFARS Manual Chapters – Please periodically check the UFARS Manual on the Department's Web Page for any revisions to the chapters. If there are revisions, there will be a revision date posted next to the chapter name.

Pupil Transportation

1. Additions to our Web Page – School districts can now access some of the transportation year-end statistical data and transportation forms on the Department's Web Page. Click on "District Information," and then "Financial Management, Transportation and Accountability Team." Scroll down the page to the Reports and Downloadable Forms sections. Under Reports, see tables showing 1997-98 students transported; district cost; mileage; school bus ownership, fleet value, and purchases; and safety expenditures. Under Forms, the District-Owned School Bus Transaction and District-Owned Type III Vehicle Transaction forms can be accessed. In addition, forms to reimburse low-income families for mileage costs in the Postsecondary, Open Enrollment, and Charter School Enrollment Options Programs are available. If you have any questions about the tables or forms, contact Linda Schroeder at 651/582-8855.

School Facilities

1. Health and Safety – Violence Prevention – The Capital Expenditure; Health and Safety Program under Minn. Stat. §123B.57 (1998) is now eligible for funding of violence prevention in the areas of hazard identification and planning, training and record-keeping as a result of a recent citation of a school district by MN OSHA for improper violence prevention procedures. Please watch for an announcement regarding application procedures in November.

Health and Safety funding is limited to "HSEM" expenditures at this point because it is believed that developing plans, implementing training and having a solid preventative infrastructure will go a long way toward deterring incidents and making responses to incidents more effective. "HSEM" means Health, Safety and Environmental Management and is treated in the same manner as found in Attachments 3 & 4 of the Capital Expenditure; Health and Safety policy memorandum dated June 3, 1999. Activities include (1) hazard assessment; (2) required training; (3) record keeping, and (4) program management for each element identified in the attachments. Program management should include a written plan and the name of a contact person, which is frequently required by OSHA or US EPA. The allowable limit of Health and Safety Revenue for this purpose is \$0.045 per SQ FT unless an enhanced plan is on file at the agency.

Funding is not provided for implementation (goods and services) at this time. It is anticipated that planning and training will indicate the best use of resources and the appropriate level of funding.

2. Indoor Air Programs – The Minnesota Department of Health's Indoor Air Program recommends radon testing in schools. It is only necessary to test once; however, it would be appropriate to test again if the building had a significant change in its HVAC system. For example, if the system had a major overhaul or a brand new system was installed the school would want to re-test.

A school can conduct the testing itself. However, the MDH program recommends that the individual(s) who are conducting the testing have some training or consult with the program first before placing any radon measurement devices in the school. MDH also has technical information that can assist schools in radon measurement.

The University of Minnesota offers courses on radon measurement and mitigation. If you would like additional information please contact The Midwest Universities Radon Consortium Program at 612/624-8747. A school also has the option of hiring a radon consultant – the MDH program has a listing of radon measurement professionals that you can contact.

If you would like a list sent to you please contact the general MDH indoor air program number at 651/215-0909.

If you have any other questions, please call:

Kelly Albright Raatz, B.S.
Health Educator, Indoor Air & Lead Unit
Minnesota Department of Health
Phone: 651/215-0906
Fax: 651/215-0975

3. Capital Expenditure Deficits – Please be advised that districts need to comply with Minn. Stat § 123B.78, subd. 5 if they intend to deficit spend in the reserved account for operating capital. The text of subdivision 5 is included for your information:

Subd. 5. Deficit for capital projects. Upon approval by the commissioner, a district may incur a deficit in the reserve for operating capital account for a period not to exceed three years to provide money for capital projects. The commissioner shall approve a description of the project and a financial plan to recover the deficit prior to the initiation of the project.

General Information

1. Fall F.Y. 2000 MARSS Reporting Timelines:
November 9, 1999
December 14, 1999
January 18, 2000

The following turnaround reports will be produced and mailed to each district's MARSS contact about two weeks after the first two reporting deadlines:

- Child Count Reports. This is a count of resident students who are eligible to generate federal special education funding. Note that resident students who are enrolled at either a charter school or the State Academies for the Deaf or Blind generate funding for the enrolling school rather than the resident district.
- Economic Indicator Reports. This is a count of students enrolled who are eligible to generate compensatory revenue. Note that residents of other states, shared time students and students whose parents pay their tuition are ineligible to generate compensatory revenue.
- Statewide Error Report. This indicates which MARSS enrollment records contain errors and may be ignored in creating other counts of students.

Feel free to ask your MARSS contact for a copy of the reports to assist in verifying the data's accuracy. The data are considered final on January 18. For more information, contact Sharon Peck at 651/582-8627.

2. Collaborative Interest Earned – Family Service and Children's Mental Health collaboratives occasionally have funds set aside to cover programs they plan to offer in the future. When this type of situation occurs it is recommended as a good financial management practice that the governing board direct the fiscal agent to invest these funds until they are needed.

For some collaboratives, investing funds has generated a question concerning the ownership of the interest earned by the investment of these funds. Does the earned interest belong to the collaborative or to the fiscal agent? The answer to this question rests with the well-established GAAP accounting principle that a fiscal agent does not have equity ownership of the assets it is accounting for on someone else's behalf. The county and school district accounting systems have the fiscal agent account for the non-owned funds in the agency fund, and further state that these funds are to be managed as directed by the entity that does have equity ownership. According to GAAP, investment interest belongs to the entity that has equity ownership of the assets and not the fiscal agent who is accounting for them.

Also, the Department of CFL contracts with Family Service Collaboratives for Implementation Grants and the Department of Human Services contracts with counties for the use of Local Collaborative Time Study federal funds. According to these contracts, all revenues and interest earnings from those revenues belong to the collaboratives.

If you have any questions please contact Chuck Kinn of the Financial Management Team at 651/582-8802.

3. Minnesota Statewide Database Program – The Minnesota Legislature appropriated funds for K-12 schools and public libraries to participate in the Minnesota Statewide Database Program. This program provides access to two unique electronic resources: The OCLC Collection and ERIC database of the OCLC FirstSearch service, and Bell & Howell's ProQuest. For more information on this program and registration forms contact the MINITEX Library Information Network at 1-800-462-5384 or 1-612-624-4002. Public and private K-12 schools in Minnesota have unrestricted access to these databases and participation is free to them.
4. Use of Interactive Web Site Now Required for Food and Nutrition Claims for Reimbursement, Commodity Requisitions and Application Updates – The Food and Nutrition Service (FNS) oversees and provides the reimbursement for School Lunch and Breakfast, After-school snacks, Minnesota Kindergarten Milk and Federal Special Milk. FNS just recently launched a website for schools to interactively claim for reimbursement on the Internet. All Food and Nutrition customers currently with Internet access are required to use the on-line system for entering claims. Those without Internet access may use the new paper claim form for a short time. All public schools will be required to use the on-line system for claims by the Fall of 2000. Private schools and Child and Adult Care programs have an extended date of Fall 2001.

Training on the use of the interactive website started this Fall at 35 locations around the state. Training will be continuous throughout the school year as schools get connected to the Internet. Another round of training on entering claims and applications is scheduled for Nov-Dec. A training brochure will be mailed to each school district labeled, "Head of Food Service". Written materials are available for those who are unable to attend a training session prior to entering their first claim. Written materials are not recommended as an alternate to the training session.

The Commodity Requisition process is also a portion of the interactive web site. That portion will launch in January and the training will start in mid-January. Schools will order commodities for the full year at one time using the interactive website. The commodity requisition process has undergone some big changes in the last year due to departmental and legislative changes. State aid used for commodity storage, delivery and processing will be given directly to each district. Commodity processing will no longer be on a State contract, therefore school districts will individually select commodity processors. School districts will also be investigating alternative options for the storage

and delivery of commodities. A 2-day workshop in January sponsored by FNS will provide training on cooperative purchasing.

Other sections of the web site will include a Geographic Information System for locating schools and their eligibility for reimbursement. There will also be a resource library that includes digitized training materials and video clips for viewing and printing. In addition there will be calendars for training schedules, access to reports, menu planning and much more.

Be supportive of your school nutrition department. If your district currently does not have Internet access, you need to be aware of this requirement. Use of the interactive web site is a requirement for claiming reimbursement of meals, snacks and milk for public school programs by Summer of 2000. For more information, call 651/582-8526.

5. UFARS and School Business Management Workshops – A number of UFARS workshops have been scheduled over the next three months that vary in length and content. All workshops are now filled. Future workshops are being planned but have not yet been scheduled. The content of these workshops will provide an in-depth view of the funding and financial management of a school district. If you desire additional information regarding these future workshops, and have not already done so, please contact Yvonne Wilkes at 651/582-8477.
6. Accounting Guidelines Committee – The Department is interested in opening the Accounting Guidelines Committee to new members. The Committee is involved in the approval of new UFARS codes and other pertinent issues involving school business management. If you are interested in participating in future meetings, please contact Gary Farland (651/582-8772) or Dick Guevremont at (651/582-8788).

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