

Advisory Committee on Financial Management, Accounting and Reporting
Minnesota Department of Education
Minutes of June 21, 2005 12:30 – 2:55 p.m.

Members in attendance: Barbara Anderson, Dan Brooks, Nancy Ramler, Greg Hein, Pam Jensen, Larry Shomion, Laura Nelson, Susan Paulson, and Tiffany Rodding. Absent: Margo Nash, Greg Hierlinger, Roger Heiden, Julane Meyer, Janna Duffy and Darwin Viker. Others in attendance: Tom Melcher, Dick Guevremont, Ken Moos, Mary Annala, and Phil Allmon.

Chairperson Greg Hein opened the meeting at 12:35 p.m.

Motion by Larry Shomion, seconded by Nancy Ramler to approve the Minutes of March 15, 2005.

Dick Guevremont gave a status report regarding the potential partial government shutdown and the impact to the Department of Education, School Districts and Charter Schools.

Dick Guevremont discussed a Department of Education memo dated June 9, 2005 sent to Superintendents and Charter School Directors. The memo included Revenue Reporting by Building/Site, UFARS Reporting System, Web-based Reporting Update, Compensatory Revenue Adjustments. The Department expected the revenue reporting by site to be more difficult than the expenditure reporting by site. Attached to the memo was a Draft 2005 Report Card Format. Greg Hein noticed the Draft 2005 Report Card Format included the committee's recommendation to use a subtotal and split out capital expenditures. Tom Melcher gave an overview of a sample report labeled Fiscal Year 2004 Revenues-Building Level Report. Ken Moos recommended that the Adjusted Pupil Units should be listed in the report. Larry Shomion inquired if the Department has a specific format for school districts to follow when requesting changes in reporting revenue by building site. Tom Melcher explained that the information required has been provided in the June 9th memo. Tom Melcher emphasized that adjustments to revenue reporting by site must include a structural reason.

Greg Hein inquired what happens if a school has revenue but no students, for example an ice arena for hockey and youth programs. Larry Shomion expressed concern because he is aware of Special Education sites with no students that incur program costs. Greg Hein raised a question about dual enrollment between home site and program site.

Dick Guevremont is aware of these concerns and the Department is in the process of developing solutions to resolve these reporting questions.

Greg Hein noted that the Draft 2005 Report Card Format overall looks good and should work with a few tricky reporting elements to be resolved.

Greg Hein inquired if the schools will see the revenue report before it becomes published as a public document. Tom Melcher said that schools already have the expenditure report and could calculate the revenue portion.

Laura Nelson inquired about tuition payments for students attending a local university. Tom Melcher explained that the school should align MARRS data and UFARS data.

Larry Shomion asked if the Department was going to meet the initial timeline for implementation. Ken Moos explained that Department programmers are working to resolve a few programming errors and he expected to have issues resolved in approximately a week. Greg Hein asked if the deadline for schools to respond to the report will remain the July 15th. Tom Melcher explained the goal is to give the schools approximately 30 days to respond.

Barb Anderson discussed the use of course codes for Alternative Facilities Projects. For example at Roseville they currently use over 100 course codes. Greg Hein explained at N. St. Paul/Maplewood/Oakdale the Deferred Maintenance Program may have one bid for several sites and the difficulty is to estimate the costs by project.

Phil Allmon provided an overview of proposed accounting dealing with Alternative Facilities Projects for Fiscal 2006. Phil Allmon explained that in FY2007 the Department would start a new method to track Alternative Facilities Projects. Several questions were raised regarding the proposed new method. Greg Hein and Larry Shomion recommended a subcommittee to address district concerns regarding accounting for Alternative Facilities Projects. Committee members consist of Greg Hein, Larry Shomion, Barb Anderson, Phil Allmon and Ken Moos.

Greg Hein asked about the different reporting requirements for Health and Safety Project Approval/ Site vs. District Wide. Phil Allmon explained the difference was due to statutory requirements, MSS § 123B.57 and MSS § 123B.59

Dick Guevremont provided an overview of Cooperative/Fiscal Host Accounting and Reporting. Cooperative revenues and expenditures should not be included in the host's accounting records. Ken Moos explained that the Department will need to revamp Chapter 10 – UFARS Restricted Grid removing this type of financial activity from Funds 01 and 04 and potentially code to Fund 09 or somewhere else. Ken Moos recommended a sub-committee to perform detailed work. The subcommittee consists of Nancy Ramler, Jana Duffy, Greg Herlinger, Ken Moos and Mary Annala. Dan Brooks recommended contacting the State Auditors Office because he is aware of a study being conducted to define the different types of cooperatives and the accounting practices.

Dick Guevremont and Mary Annala will look at the statutory references providing the definition of retired employees and issue a clarification for Balance Sheet Code 411: Severance Calculation. Nancy Ramler referenced School Business Bulletin #4 discussing the four criteria when a severance pay liability exists.

Ken Moos will review and re-write the definition in the UFARS manual for Balance Sheet Code 418: Designated for Severance- Insurance Premium (Funds 01, 02, and/or 04) providing additional guidance.

Pam Jensen announced that she was resigning from the advisory committee since she had accepted a position with the Minneapolis School District. She requested a representative from TIES as a replacement for the balance of her term (approx. 2 years). Dick Guevremont will find a replacement for Pam.

The next meeting is scheduled for September 20, 2005 at 12:00 p.m. at the Minnesota Department of Education.