

May 09, 2007

Advisory Committee on Financial Management, Accounting and Reporting

The Advisory Committee met on May 09, 2007. Members in attendance: Barb Anderson, Susan Paulson, Jody LeBlanc, Beth Heinze, Darin Jensen, Nancy Ramler, Greg Hierlinger, Michelle Knutson, Jody Zesbaugh, Tiffany Rodning. Others in Attendance: Colleen Leemon (MDE), Lisa DeRemee (MDE), Ken Moos (MDE), Debrah Firkus (MDE), John Koehler (MDE) Mary Weigel (MDE).

Barb Anderson opened the meeting at 12:08 p.m. The committee members reviewed the agenda. Colleen recommended adding School Age Care as an agenda item. School Age Care was added as the fourth agenda item.

The committee reviewed the December 13, 2006 meeting minutes. Nancy Ramler made a motion to approve the December 13, 2006 minutes seconded by Darin Jensen. Unanimous approval by the committee.

The committee reviewed the February 14, 2007 meeting minutes. Darin Jensen made a motion to approve the February 14, 2007 minutes seconded by Jody LeBlanc. Unanimous Approval by the committee.

Lisa DeRemee distributed two handouts: a memorandum discussing School-Age Care Programs and a spreadsheet summarizing Finance 798 Expenditures for School-Age Care comparing FY2005 and FY2006. The committee discussed the question – should object code 120 be expanded to include SAC coordinator salaries? It was determined by the committee that it was not necessary to separate the SAC coordinator salary from object 110 to object 120 because there is not a statutory requirement limiting the administrative costs for this program.

The committee discussed the results of a survey conducted regarding the elimination of fund balance accounts 411 and 418. Nancy Ramler explained that she had surveyed Region III representing central Minnesota. Districts that did not use fund balance accounts 411 and 418 were flexible regarding the timeline to remove these fund balance accounts. Districts that have balances in accounts 411 and/or 418 expressed concern that they needed more time than June 2008 to eliminate these accounts. They did not feel there was sufficient time to educate interested parties, some are in the middle of negotiations and some are working on passing referendums. Several districts expressed that they would like the elimination of fund balance accounts 411 and 418 to coincide with the implementation timeline of GASB 45. Darin explained that he had surveyed the other regions throughout the state and largely had the same feedback. The committee discussed the results of the survey.

Darrin made a motion that the elimination of fund balance accounts 411 and 418 will occur during the phase in period for GASB 45 or earlier but not later than FY 2010 for

all entities that have financial activity in fund balance accounts 411 and/or 418. Nancy Ramler seconded the motion. Unanimous approval by the committee.

Ken Moos distributed two handouts: Summary of UFARS Dimension Changes for FY2007 and MASBO Gold Mine Session Summary. Ken walked through the UFARS changes with the committee. Ken noted that Object Code 307 Contracted Substitutes for Special Education Programs was created at the request of metro districts that obtain substitute teachers from a contractor. Previously it was difficult to account for the cost of these substitute teachers for special education purposes. Ken did not expect additional changes unless there was legislative action that would require a new UFARS dimension code for example a new reserve account.

Ken walked through the information presented at the Gold Mine Session. Ken and Deb Firkus discussed the General Fixed Asset Account Group (Fund 98) and General Long-Term Debt Account Group (Fund 99). The department has observed instances in which the school district audited financial statement did not agree with activity reported in Funds 98 and 99 in UFARS. The department is encouraging reporting entities to make sure that the UFARS data is updated and reflective the information reported in their financial statements.

Mary Weigel distributed a copy of the Consolidated Financial Statement. She explained the following changes had been made in the consolidated financial statement: School Level Administration had been moved, a subtotal - School Level Education Services had been added with a subtotal percentage. A fourth graph labeled Uses of Funds – School Level vs District Level had been added. A committee member inquired what other adjustments meant. Mary explained that other adjustments generally represented prior period adjustments or other adjustments that were noted in reporting entity financial statements.

Colleen Leemon requested input from the committee regarding the publication of the School Business Bulletin. Did they feel the publication was beneficial and should the department continue to publish the bulletin? The committee members felt the department should continue to publish the Bulletin. The bulletin provides useful information to districts and other entities; it's a helpful reminder, important information available in one location, were some of the comments. The department will continue to publish the School Business Bulletin.

Colleen provided information regarding Shared Time receivable. 90% of FY06 shared time revenue is currently being paid out in 2006-07 and the remaining 10% will be paid in 2007-08. This payment distribution is required by current statute. At June 30, 2007, districts should set up a receivable for 10% of FY06 shared time revenue and 100% of FY07 shared time revenue. The department will be submitting a 2008 legislative request to change the statutory language allowing the department to make one payment which would be recognized as a prior year revenue.

Colleen announced that Mary Annala had recently married and her name has changed to Mary Weigel.

Colleen announced that the department is seeking applicants for the Financial Management Supervisory position in the Program Finance Division.

The next Advisory Committee meeting is scheduled for Wednesday, August 22, 2007 at the Minnesota Department of Education.

Meeting adjourned at 1:15 pm.