February 18, 2009

Advisory Committee on Financial Management, Accounting and Reporting

The Advisory Committee met on February 18, 2009. Members in attendance: David Peterson, Lori Mohs, Janet Halonen, Angie Manuel, Nancy Schulzetenberg, Karsten Anderson, Beth Heinze, Tom Wieczorek, Greg Hierlinger and Jeff Yeager. MDE Staff: Janna Duffy, Greg Hein, Karen Dykoski, Mary Weigel and Keri Lewis.

The meeting was opened by Jeff Yeager at 12:05 p.m.

The committee members reviewed the agenda. No additional items were added to the agenda. Unanimous approval by the committee.

The committee reviewed the January 21, 2009, meeting minutes. No corrections were made to the minutes. Motion to approve the minutes was made by Tom Wieczorek, seconded by Karsten Anderson. Unanimous approval by the committee.

Janna Duffy discussed the progress of the advisory subcommittee that was created at January 21, 2009, meeting. The advisory subcommittee, comprised of Janna Duffy, Karen Dykoski, Greg Hein, Angie Manuel, Nancy Schulzetenberg, and Jeff Yeager, met on February 4, 2009, at the Minnesota Department of Education (MDE).

Janna Duffy reviewed the subcommittee's proposal for the accounting treatment of separation and retirement benefits in the Uniform Financial Accounting and Reporting Standards (UFARS) manual. The proposed document specifically addresses the proper accounting treatment per the appropriate Governmental Accounting Standards Board (GASB) Statements: GASB 16 (Compensated Absences), GASB 27 (Pensions); GASB 45 (Other Post-Employment Benefits Other Than Pensions); GASB 47 (Termination Benefits), and GASB 50 (Pension Disclosures).

The proposed document changes the description of UFARS Balance Sheet Codes 411 – Reserved for Severance Pay, 418 – Designated for Severance/Retirement Benefits, 160 – Amount Available for Separation/Retirement Benefits, 161 – Amount to be provided for Separation/Retirement Benefits, and 260 – Separation/Retirement Benefits Payable.

The document proposes the elimination of UFARS Balance Sheet Code 411 – Reserve for Severance no later than FY 2010. Balance Sheet Code 418 – Designated for Separation/Retirement Benefits would no longer be restricted to 50 percent of the amount necessary to meet to meet obligations for the portion of severance pay that constitutes compensation for accumulated sick leave. After discussion and minor technical changes to the document, Nancy Schulzetenberg made a motion to approve the proposed document, seconded by Greg Hierlinger. Unanimous approval by the committee. The proposal will be submitted to MDE leadership for approval.

At the January 21, 2009, committee meeting, problems with recording Other Post-Employment Benefits (OPEB) contributions at the program level were discussed. The committee discussed the possibility of creating one UFARS Program Code (935) to isolate out the OPEB contributions made in the operating funds. However, the topic was tabled pending more research.

The topic was reintroduced to the committee at this meeting. Mary Weigel reviewed the Profiles Report program definitions and provided sample copies of various reports prepared by MDE (Total Revenues; Total Expenditures; Summary Statistics; Expenditures per ADM Served by Enrollment Size; Pupil, Staff and Other District Data; the Consolidated Financial Statement; and the School Report Card). After lengthy discussion, the committee determined that the use of Program 935 was in conflict with the UFARS standard for programmatic coding and would create inconsistencies in the MDE reports. At the conclusion of the meeting, it was determined that the OPEB instructions provided in Chapter 13 of the UFARS manual would remain in tact and that OPEB contributions would be reported at the appropriate program level. A recommendation to add an additional Profiles report identifying discrepancies due to the funding of OPEB was made.

Jeff adjourned the meeting at 3:18 p.m.

The next Advisory Committee meeting is scheduled for Wednesday, April 15, 2009, at the Minnesota Department of Education.