

# **Advisory Committee on Financial Management, Accounting and Reporting**

## **Draft Minutes – Pending Approval by the Advisory Committee**

**January 20, 2010**

The Advisory Committee met on January 20, 2010. Members in attendance: Jeff Yeager, Angie Manuel, Tom Wieczorek, Nancy Schulzetenberg, Rita Poulton, Lori Mohs, Janet Halonen, David Peterson, Greg Hierlinger, Tracey Fiereck, Myrna Meunier, Cindy Longhenry and Sue Nelson. MDE Staff: Tom Melcher, Janna Duffy, Greg Hein, Karen Dykoski, Kelly Wosika and Mary Weigel.

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

The first order of business was to elect a new committee chair and vice chair. Tom Wieczorek nominated Jeff Yeager as chair which was seconded by Nancy Schulzetenberg. Unanimous approval by the committee. Janet Halonen nominated Angie Manual as vice chair which was seconded by Tom W. Unanimous approval by the committee.

Jeff welcomed new committee members: Sue Nelson, Cindy Longhenry, Tracey Fiereck, Myrna Meunier and Tiffany Rodning (re-appointed).

The committee wanted to extend their sincere appreciation to Beth Heizne, Jody Leblanc, Darin Jensen, Michelle Knutson and Tiffany Rodning for their contributions.

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

The committee reviewed the October 21, 2009, meeting minutes. No corrections were made to the minutes. Motion to approve the minutes was made by Tom W. and seconded by Janet. Unanimous approval by the committee.

Tom Melcher discussed the Advisory Committee on Financial Management, Accounting and Reporting – Committee Charter. Tom M. provided an overview of the committee background, purpose and membership.

Janna Duffy discussed with the committee business rules on how to manage the agenda and the distribution of information. Janna referred to business rules established in the November 14, 2007 meeting, for committee reference. The committee agreed to the following business rules. Meetings would occur every two months, the third Wednesday of the month. At the end of the meeting, there will be a call for items for the next meeting agenda. Committee members will send Janna agenda items. Two weeks prior to the meeting Janna will send out draft agenda, minutes, documentation and a call for additional agenda items. A reminder email will go out one week prior to the meeting with final agenda and any additional meeting documents. Sub-committees will be formed as needed and members will be contacted for contributions on committee topics.

The meeting minutes will be distributed in draft form a week after the Advisory Committee meeting.

Tom M. provided information on potential aid payment delay. Tom M. referred to a handout "Potential Delay in State Aid Payments under Minn. Stat. § 127A.46" and an excel spreadsheet with financial data. The state of Minnesota may need to borrow approximately \$550 million dollars in April 2010; however, prior to short-term borrowing the state needs to exhaust other options which include the delay in payments to school districts, University of Minnesota, vendors and income tax refunds, all this per Dorsey and Whitney the state's bond counsel. The last time the state needed to use this legal provision was 1986. If the state does need to delay payments to school districts it will likely occur March 15, March 30, 2010 and April 15, 2010. The money would be paid back May 30 or June 1, 2010. The total amount must be paid back by June 20, 2010. This law excludes charter schools, cooperative and districts in Statutory Operating Debt (SOD) and federally funded programs. The delayed payments will be calculated using UFARS data. This was an informational item and no action was required.

Jeff asked Tom M. to discuss the recent letter received from the Commissioner of Education. Tom explained that the unallotted funds were similar to a tax shift; however, differed because it is not based on a statutory provision but rather on the Commissioner's authority to unallot funding. Districts would change when they would recognize the revenue from their levies.

Janna discussed the reconciliation process between SERVS and UFARS. The expenditures in SERVS must match UFARS by finance, course and object code dimensions. The revenues received and reported by districts must also agree by finance, course and source codes in UFARS. Janna explained, if they have additional expenditures in finance codes it will not properly match the federal funding and the actual cost of state and local dollars to fund the activity. The department has found districts that had very large discrepancies between UFARS and EDRS.

Committee members discussed the idea and asked Janna to explore the possibility of using materiality when reconciling SERVS and UFARS. The committee expressed concern regarding the amount of journal entries to make the two systems match. One member expressed concern when federal funds would become carryover. Janna explained that the system would remain open for adjustments/corrections until November 30.

Kelly provided two handouts related to transportation reporting. Districts can use the chargeback code 365 in the future; however, the code name will be changed to transportation cost allocation. Object code 365 can be used because there is supporting documentation in the pupil transportation annual report for the allocation.

Janna brought up information about object code 360 transportation contracts with private or public carriers (contracted direct). Kelly would need to look into the accounting of this code and the effect it has on the federal indirect cost calculation.

Jeff called for items for the next advisory meeting:

Secondary Vocational coding 396/397

Contracted direct in transportation

GASB 54

Expansion of object code 251 definition

Fund 98/99.

The meeting was adjourned at 2:25 p.m.

The next Advisory Committee meeting is scheduled for Wednesday, March 17, 2010, at 12:00 p.m. at the Minnesota Department of Education.