



Advisory Committee on Financial Management, Accounting and Reporting

Minutes, October 19, 2011

Members Attending: Angie Manuel, Sarah Slaby, Dianna Groskreutz, Lori Mohs, Tiffany Rodning, Jeff Yeager, Nancy Schulzetenberg, Tracey Fiereck, Stella Johnson.

MDE Staff Attending: Lisa DeRemee, Audrey Bomstad, Greg Hein, David Day, Patti Scott.

Members Absent: Greg Hierlinger, Janet Halonen, David Peterson, Sue Nelson

Chair Angie Manual called the meeting to order at 12:10.

Approval of May 18, 2011, Meeting Minutes. Jeff Yeager moved to approve the minutes; Tracy Fiereck seconded the motion. The committee approved the minutes on a voice vote.

MDE Update – PAR Reporting for State-Funded Special Education. Currently, MDE has not provided further guidance on PAR reporting for staff with state and local special education funding. An MDE internal meeting is scheduled for early November to discuss this matter. In the interim, special education directors have been advised to implement PAR reporting for special education staff with state and local funding.

MDE Update – Statutory Operating Debt Calculation after GASB 54. Lisa DeRemee provided an overview of the statutory operating debt calculation. The balance sheet accounts included in the calculation are 4.22, 4.18, 4.60, 4.61, 4.62, and 4.64; balance sheet account 4.19 has been deleted. Finally, balance sheet account 4.63, Unassigned Fund Balance, is not available in the general fund and excluded from the calculation.

For FY 2011, Greg Hein found only five instances of balance sheet account 4.64 reported in the general fund. Generally, committee members agreed balance sheet account 4.64 would be properly reported in fund 01 for local contributions/donations with no formal trust agreement. In addition, the UFARS Manual specifically references contributions and grants with respect to this account.

SERVS/UFARS Comparison Report. Greg Hein provided an overview of the SERVS/UFARS Comparison Reports that are currently under construction; two sample reports were provided. The first sample SERVS/UFARS Comparison Report was a more typical presentation; the second sample SERVS/UFARS Comparison Report will be used for Title programs and displays activity broken out by set-asides within the Title programs. The Title report will also reflect transfer and flexing of funds between Title Finance codes.

According to Greg, the programmer is making good progress and the reports should be available by the end of the month; October 31. Several committee members stated the districts and auditors are looking for these reports. In addition, committee members mentioned districts will have difficulty meeting the November 30 deadline due to the delayed release of these reports.

If the deadline is extended, Stella Johnson mentioned the District Profiles may be further delayed by a handful of late districts. Because the information contained in Profiles is used by the districts for comparison purposes, delayed publication has a negative impact. Stella specifically asked whether all districts needed to submit before Profiles are published. According to Audrey, MDE would like to produce preliminary Profiles reports in January; however, this is dependent on IT staffing. David Day is the contact for District Profiles.

Recommendation: The committee suggested the Title – SERVS/UFARS Comparison Report include a key to the set-aside course codes in the 600-series that cross-walks them to the general course codes (000, 011, 012); alternatively, the report could display the 600-series course codes in the column headings for each of the set-aside breakouts.

Severance Costs. From the May agenda, David Day provided a follow-up to severance costs with respect to contributions to retirees' (or terminated employees') health savings accounts. If the severance payment is reported on the W-2, the payment is classified as severance; object code 191. If not reported on the W-2, it's a benefit; object code 251. If the contribution is paid directly to a 403(b), object code 250 should be used.

Recommendations: For object code 191, the UFARS Manual should omit the following language: "conversion of unused sick leave to health reimbursement accounts (HRA's)." In addition, it is recommended the language for object code 299 be updated as follows: "Includes expenditures incurred by the school district for all employee benefits not accounted for in any other 200 object code." Finally, it was recommended the UFARS Manual be updated for object code 199 – salary adjustments to reference taxable reimbursements consistent with IRS regulations. Jeff Yeager would follow-up with links to the IRS website.

Federal Revenue and Expenditure Reporting. From the May agenda, Sarah Miller provided an overview of the *Early Retiree Reinsurance Program (ERRP)*. To participate in this program, the district must apply, receive approval, and submit claims for reimbursement. Sarah explained ERRP reimbursements are used to help districts (or other "approved" applicants) reduce health care costs and/or provide premium/coinsurance relief to its retirees. Reimbursements from this program can be spent in the future subject to further spending restrictions; however, such reimbursements cannot be used for general revenue.

Following this discussion, Sarah Miller presented the federal revenue grid designed to assist districts in coding federal revenue and expenditure. Because ERRP provides direct federal reimbursements, she indicated the appropriate FIN Code is 599 with source 599. Other members suggested FIN code 599 should be used with source code 500; however, some members were already using 599/599. In addition, committee members suggested the revenue source codes 499 and 599 were redundant and removed by Janna Duffy.

Recommendations: Committee members suggested the revenue grid be updated to provide appropriate coding for sub-awards in the 200-, 600- and 900-series. In addition, the committee recommended MDE research why the 499 and 599 revenue source codes were added back to the UFARS Manual. For the FY2012 UFARS Manual, it was recommended revenue source codes 499 and 599 be deprecated.

State Restricted/Reserved Expenditure and Revenue Reporting. Greg Hein provided an overview to state restricted/reserved expenditure and revenue reporting that is under consideration for FY 2013. Most committee members indicated the matching of state revenues and state expenditures by Fin code would be difficult to implement. Without a compelling reason to match state-level revenues and state-level expenditures, this proposal would not be supported by the committee members.

Recommendation: Based on the feedback, the committee supports the matching of federal-revenues and federal-level expenditures; however, a similar proposal would not be accepted for state-level reporting.

Computer Software/Maintenance Contracts, Expenditure Coding. From the May agenda, Greg Hein provided a discussion of coding for maintenance contracts and computer software. Based on the discussion, committee members agree the UFARS Manual does not provide sufficient guidance with respect to software, technology, and ongoing software maintenance agreements. Currently, object codes 820 and 305 are catch-all codes used for software and maintenance agreements.

Recommendation: The committee recommended further discussion of coding and reporting for software, technology, and ongoing software maintenance agreements.

Process for commissioner-Approved Fund Transfers. David Day provided an update on commissioner approved fund transfers and indicated process information had been posted to the MDE website August 2011. Currently, only two districts have applied for such transfers. One application was accepted; the other was rejected.

Other Business – Recommendations for MDE Presentations and Training. Committee members suggested a Medical Assistance third-party billing for special services costs presentation by Cathy Griffin would be very helpful. Committee members further suggested MDE publish an organizational chart for UFARS contacts with staff names, positions, functions, and phone numbers. Next, it was suggested MDE provide additional information about “what’s new and what’s gone” for FY 2012. Other topics of interest mentioned were an update on federal Education Jobs funds allocations and a review of new revenue programs enacted by the 2011 legislature that are scheduled to take effect in FY 2013. Finally, Audrey Bomstad mentioned Ann VanDiest was the new contact for the IDEAS payments.

Other business – Call for December Agenda Items: It was suggested a new source code be established for advertising revenue. This was followed by a general discussion of advertising revenue and expenditures, and that districts could track advertising revenue locally for budget purposes and crosswalk to UFARS source 099. Finally, it was suggested the Commissioner attend a future meeting.

There being no further business, the committee adjourned at 3:00 P.M. until its next scheduled meeting on Wednesday, December 21, 2011.