
SCHOOL BUSINESS BULLETIN

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In this Bulletin.....

- 1. Changes to Student Transportation Reporting for FY 2012.....2***
- 2. Maximum Allowable Wage Reclassification – Food Service FY 2011.....2***
- 3. FY 2012 Budget Publication Form Posted on the Minnesota Department of
Education (MDE Website)2***
- 4. School Finance Award Updates for Reporting Years FY 2010 and FY 20113***
- 5. JOBS and ARRA Stabilization Contact for SERVS.....3***
- 6. Additional Education JOBS Funding and Recalculation of Allocation3***
- 7. Reporting Other Post-Employment Benefits (OPEB) Pay-as-You-Go Levy
Expenditures.....4***
- 8. UFARS 101 Training Scheduled November 1, 2011, at MDE4***
- 9. 2011 Legislative Changes Affecting UFARS.....5***
- 10. FY 2012 UFARS Grid Release 12.1 and UFARS Code Dimension Changes.....7***
- 11. Changing Banks or Other Vendor Information at Minnesota Management and
Budget.....10***

1. Changes to Student Transportation Reporting for FY 2012

The manual on Financial Accounting for Student Transportation Services has been updated to reflect the amendment to Minnesota Statutes, section 123B.92, subd. 5 in Laws 2011 First Special Session, Chapter 11, Article 10, Section 3. The law eliminates the cost per hour and cost per route methods for cost allocation. It also provides an exemption (in specific cases) to the allocation if actual costs are known.

Effective with the 2011-2012 school year, all districts—including charter schools that elect to provide their own transportation—will be required to allocate student transportation costs on the basis of miles. Districts and charter schools will no longer be able to report by hours or routes on the paper Pupil Transportation Annual Report. If not currently reporting by miles, please take measures to track student transportation mileage during the year. Districts and charter schools that contract for school bus service must obtain the mileage records from the contractor.

Districts must maintain daily records on miles in order to properly allocate costs at year end. The miles reported at year-end will be a cumulative total of the daily miles. The starting mileage is the odometer reading when the vehicle starts its route. The ending mileage is the odometer reading when the vehicle terminates its route. The starting or ending mileage may be taken at a school or at the vehicle storage area.

If you have any questions about the new legislation, contact Kelly Wosika at 651-582-8855 or kelly.wosika@state.mn.us.

2. Maximum Allowable Wage Reclassification – Food Service FY 2011

Based on information published by the Bureau of Labor Statistics, the average hourly wage for public school food service directors is \$24.13. This is the maximum rate at which the labor of a superintendent or fiscal manager performing the duties of a food service director can be charged back to the food service fund.

For questions or information regarding supporting documentation for wage reclassification chargebacks, please contact Debrah Firkus at 651-582-8775 or debrah.firkus@state.mn.us.

For questions regarding accounting entries to reclassify costs, please contact Greg Hein at 651-582-8460 or greg.hein@state.mn.us.

3. FY 2012 Budget Publication Form Posted on the MDE Website

The District Revenue and Expenditure Budget for the 2011-2012 school year (Form ED-00110-35) is now posted on the MDE website at: <http://education.state.mn.us> > Accountability Programs > Program Finance > Financial Management > Forms & Files.

The District Revenue and Expenditure Budget for FY 2012 shall be published by each school district “within one week of the acceptance of the final audit by the board, or November 30, whichever is earlier.” “The board must post the materials in a conspicuous place on the district’s official website, including a link to the district’s school report card on MDE’s website, and publish a summary of the

information and the address of the district's official website where the information can be found in a qualified newspaper of general circulation in the district." (Minnesota Statutes, section 123B.10, Subd.1.)

For questions or information on the Budget Publication form, please contact Sarah Miller at 651-582-8370 or sarah.c.miller@state.mn.us.

4. School Finance Award Updates for Reporting Years FY 2010 and FY 2011

Reporting Year FY 2010

The following reports have been updated on the MDE website: 1) School Finance Awards 2003–2011 Winners, and 2) School Finance Awards – 2011 Winners.

To view the updates, visit the website at: <http://education.state.mn.us> > Accountability Programs > Program Finance > Financial Management > School Finance Awards.

Reporting Year FY 2011

Due to state budget cuts and the need to focus MDE staff efforts on those items required by statute, the School Finance Awards for reporting year FY 2011 will be discontinued. Per Minnesota Statute 123B.77, districts are required to meet all UFARS submission deadlines. As in the past, UFARS submission deadlines will continue to be monitored for strict compliance. Note: MDE does not have the authority to waive the September 15 statutory deadline for submission of unaudited financial data, however, it is understood that many districts will not be able to meet the submission deadline due to MDE's inability to open the UFARS submission site on a timely schedule, a factor beyond districts' control.

For questions or information on the School Finance Awards, please contact Sarah Miller at 651-582-8370 or sarah.c.miller@state.mn.us.

5. JOBS and ARRA Stabilization Contact for SERVS

The primary SERVS contact for Uniform Financial and Reporting System (UFARS) Finance Dimensions 151 (ARRA Stabilization) and 152 (Education JOBS) is George Holt, Supervisor, Division of Program Finance.

Email: george.holt@state.mn.us

Phone: 651-582-8889

6. Additional Education JOBS Funding and Recalculation of Allocation

MDE recently received a notice from the U.S. Department of Education that Minnesota will receive \$2.445M additional entitlement on September 16, 2011. This additional entitlement is for State Fiscal Year 2011 and will be included in the recalculation of JOBS allocations (UFARS Finance Dimension 152). MDE will update the allocations after the grant award for the additional entitlement is received. When allocations are recalculated, a spreadsheet will be posted to MDE's website and business managers will be notified through the ListServ. Be aware that the updating on SERVS Financial of JOBS funds could directly affect districts:

- Allocations could decrease and create an overpayment if all the funds previously allocated were drawn.
- Allocations could increase and the district could revise the FY 2011 SERVS budget to the extent supported by expenditures incurred by June 30, 2011, or balance forward the additional allocation to FY 2012.

7. Reporting Other Post-Employment Benefits (OPEB) Pay-as-You-Go Levy Expenditures

A reminder to districts that when reporting expenditures associated with pay-as-you-go OPEB levy proceeds use **only** object code 291. No other object code may be used. Minnesota Statutes, section 126C.41 allows districts to levy for OPEB expenses “actually paid during the previous fiscal year.”

If you have any questions regarding reporting of OPEB expenditures, please email the UFARS Helpdesk at mde.ufars-accounting@state.mn.us.

8. UFARS 101 Training Scheduled for November 1, 2011, at MDE

Minnesota Statutes, section 123B.77, subdivision 1, states that “Each Minnesota school district must adopt the uniform financial accounting and reporting standards for Minnesota school districts provided for in guidelines adopted by the department.” Charter schools must also meet this requirement as referenced in Minnesota Statutes, section 124D.10, subdivision 8 (i).

This training will review the basic accounting concepts that drive financial reporting in Minnesota schools and introduce the UFARS chart of accounts. The training will also include special topics and website navigation.

The next scheduled date for UFARS 101 training is: November 1, 2011 from 8:00 a.m. - 4:00 p.m. at MDE, 1500 Highway 36 West, Conference Center B, Room CC16, Roseville, MN 55113. The fee to attend this training is \$35.00 to cover the cost of duplication for the UFARS manual. Pre-payment is required with a completed registration form sent to Debra Olson, Division of Program Finance, no later than October 25, 2011. No on-site registration is available and no refunds will be issued.

For questions or information on the November 1, 2011, UFARS 101 training, please contact Debra Olson debra.olson@state.mn.us.

9. 2011 Legislative Changes Affecting UFARS

A number of changes in UFARS codes take effect in FY 2012 as a result of revisions to education statutes enacted by the legislature in Laws 2011, First Special Session, Chapter 11. A summary of these changes by UFARS dimension is provided below; related updates will be published in the 2012 UFARS Manual.

Finance 302 - Operating Capital (Article 1, section 19)

The permitted uses of operating capital revenue in Minnesota Statutes, section 126C.10 have been amended to include “to lease vehicles” and “to pay costs directly associated with closing a school facility, including moving and storage costs”.

Finance 306, 307 and 308 - Staff Development (Article 1, section 35)

The general education revenue reserve requirement for staff development is suspended for fiscal years 2012 and 2013. A school district or charter school may use revenue otherwise required to be reserved for staff development under Minnesota Statutes, section 122A.61, subd. 1, for operating costs. These expenditures should *not* be coded to finance codes 306, 307 or 308.

Any existing fund balance in the restricted/reserved account for staff development (403) on June 30, 2011, must be used for appropriate staff development activities and coded appropriately to finance codes 306, 307 or 308, unless the school district or charter school receives approval from the commissioner to make a fund transfer during FY 2012 or FY 2013 under the authority provided in 2011 First Special Session Laws, Chapter 11, Article 5, section 11.

Minnesota Statutes, section 122A.61, subd. 1 allows a district to annually waive the reserve for staff development but only by a majority vote of the licensed teachers in the district and a majority vote of the school board supporting a resolution to waive the requirement. Districts in statutory operating debt are exempt. Districts may expend an additional amount of unreserved revenue for staff development based on their needs.

Finance 339 - Safe Schools Crime Levy \$3 Set-Aside (Article 1, section 24)

Effective July 1, 2011, districts are no longer required to set aside \$3 per adjusted marginal cost pupil unit (AMCPU) for licensed school support staff. Districts with reserve balances in account 449 must continue to use Finance 339 when spending set-aside reserves for licensed school support staff or may opt to transfer it, with commissioner’s approval, to the Unassigned General Fund Balance during FY 2012 or FY 2013 under special transfer provisions (Chapter 11, Article 5, section 11).

Maintenance of Effort (MOE) spending for licensed school support staff related to the safe schools levy is eliminated. Since this certification, as MDE has implemented it, occurs during the subsequent fiscal year, there will be no MOE certification required after July 1, 2011.

Finance 723 - Transportation of Pupils Attending Special Education Programs (Article 10, section 2)

Finance 728 – Special Transportation of Selected Pupils (Article 10, section 2)

The 2011 Legislature amended Minnesota Statutes, 123B.92, subdivision 1, (4), transportation services for pupils with disabilities, to include the cost of transporting students on a school bus equipped with a power lift for a curricular field trip activity when the power lift is required by a participating student's Individualized Education Program (IEP) or Section 504 Plan. The amendment allows the cost of transporting students on a school bus equipped with a power lift to be included in the calculation of state special education aid.

The cost of transporting a student to a *curricular* field trip activity is eligible under this amendment if the field trip activity is a required part of an instructional program for school credit that counts toward graduation. It does not include a trip to an extra-curricular activity such as school sports.

The transportation cost for transporting a student to a co-curricular or extra-curricular activity, when the activity is identified in a student's IEP or 504 Plan, is already included in the state special education aid formula. If the activity is not included in the student's IEP or 504 Plan, there may be times when the district would still be required to provide transportation for curricular, co-curricular, and/or extra-curricular activities. However, when the transportation is not documented in the student's IEP or 504 Plan, the transportation cost is not eligible to be claimed for special education aid under either Finance Code 723 or 728.

When a student has an IEP that contains special education transportation accommodations or adaptations that require a school bus with a power lift, the miles are eligible under Finance 723 - Special Education Transportation. If the lift bus is required by a student's 504 Plan, then the miles would be reported under Finance Dimension 728-Special Transportation. Students that do not have an IEP or 504 Plan may ride in the same vehicle with the students with special needs.

At year-end, when student transportation expenditures are allocated among transportation categories based on a cost-per-mile basis, transportation costs allocated to Finance Codes 723 and 728 will reflect the miles that were reported for curricular activity transportation requiring a lift bus.

Please view the Financial Accounting for Student Transportation Services Manual for details on how to allocate expenditures among categories by miles.

Object 433 – Supplies and Materials – Individualized Instruction (Article 1, section 10)

Minnesota Statutes, section 123B.41, subd. 5 is amended to include "electronic books and other printed materials delivered electronically" as examples of "individualized instructional or cooperative learning materials" eligible for nonpublic pupil aid. Expenditures for electronic books do not include the dedicated hardware equipment known as e-Readers or e-book devices, as the statute's definition excludes "instructional equipment" and "instructional hardware."

Object 460 – Textbooks and Workbooks (Article 1, section 9)

Minnesota Statutes, section 123B.41, subd.2 is amended to include "electronic books as well as other printed materials delivered electronically in the nonpublic pupil aid "textbook" definition. Expenditures for electronic books do not include the dedicated hardware equipment known as e-Readers or e-book devices.

Temporary Authority to Request and Receive Commissioner Approval of a Permanent Fund Transfer (Article 5, Section 11)

During the 2011 legislative special session, the legislature provided temporary authority for districts to request and receive commissioner approval to make a permanent transfer under Minnesota Statutes, section 123B.80, without the need to identify an unforeseen event directly related to the fund or account involved. *For FY 2012 and FY 2013 only*, a board may apply for and receive commissioner approval, as long as the transfer meets the following criteria:

1. The transfer must not affect June 30, 2011 fund balances;
2. The transfer cannot be from Fund 02, Food Service, or Fund 04, Community Service;
3. The transfer cannot increase state aid obligations to the district;
4. The transfer cannot result in additional property tax authority for the district;
5. The application for transfer must cite the law or rule prohibiting the desired transfer and identify the fiscal year affected by the transfer, the amount and specific accounts from/to which funds are to be transferred, and be signed by the superintendent and approved by the school board;
6. The application must be made by submitting the “Request for Fund Transfer” form under Laws 2011 and must include a copy of the school board resolution stating that the fund transfer requested in the application will not diminish instructional opportunities for students, along with a copy of board meeting minutes documenting adoption of the resolution.

The “Request for Fund Transfer” form and an instructional guide to assist districts to identify accounts where transfers are either allowed or disallowed are posted on the MDE website at:

<http://education.state.mn.us> > Accountability Programs > Program Finance > Financial Management.

If you have any questions regarding 2011 Legislative Changes Affecting UFARS, please email the UFARS Helpdesk at mde.ufars-accounting@state.mn.us.

10. FY 2012 UFARS Grid Release 12.1 and UFARS Code Dimension Changes

The UFARS Grid Release 12.1 is scheduled to be sent to software vendors on Monday, September 19, 2011. The revised grid and FY 2012 UFARS Manual contain the following *new* and *deleted* code dimensions:

New Finance Dimensions

423/623 Individuals with Disabilities Education Act (IDEA) Part C – Regional IEIC Grant for Children ages 0-2 (Fund 01)

Record revenues and expenditures for Regional IEIC Grants for Children ages 0-2. These federal funds are received by recipients of the Part C IEIC grant for the purpose of ensuring that local systems of child-find service delivery and payment for services are in place for infants and toddlers with

disabilities. P.L. 105-17, Part C; CFDA No. 84.181A.

430/630 Individuals with Disabilities Education Act (IDEA) Part B Section 619 – Centers of Excellence Discretionary Regional CSPD Grant (Fund 01)

Record revenue and expenditures for the purpose of professional development activities through the Centers of Excellence for Young Children with Disabilities (P.L.108-446, Part B; CFDA No. 84.173A). These federal funds are for the purpose of building regional capacity on the identified professional development needs that will result in improved performance of preschool special education programs related to the State Performance Plan and Annual Performance Report and stronger programs at the level of the local education agency.

446/646 Individuals with Disabilities Education Act (IDEA) Part C – Regional Centers of Excellence CSPD Grant (Fund 01)

Record revenue and expenditures for the purpose of professional development activities through the Centers of Excellence for Young Children with Disabilities (P.L. 105-17, Part C; CFDA No. 84.181.A). These federal funds are for the purpose of building regional capacity on the identified professional development needs that will result in improved performance of infant and toddler early intervention programs related to the State Performance Plan and Annual Performance Report.

New Object Dimension

911 Commissioner Approved Transfers – Out

Use this code with the appropriate finance code to record transfers out approved by the commissioner under Minn. Stat. §123B.80 and adopted by the school board. This includes transfer requests approved in FY 2012 and FY 2013 under the temporary authority granted in Laws 2011 1SP, Chapter 11, Article 5, Section 11, which requires the board to adopt a resolution stating that the transfer will not diminish instructional opportunities for students. Transfer requests under this temporary authority are not permitted from the food service fund (02) or the community service fund (04) and must be approved if they do not increase state aid or result in additional property tax authority for the district.

New Source Dimension

651 Commissioner Approved Transfers – In

Use this code with the appropriate finance code to record transfers in approved by the commissioner under Minn. Stat. §123B.80 and adopted by the school board. This includes transfer requests approved in FY 2012 and FY 2013 under the temporary authority granted in Laws 2011 1SP, Chapter 11, Article 5, Section 11, which requires the board to adopt a resolution stating that the transfer will not diminish instructional opportunities for students. Transfer requests under this temporary authority are not permitted from the food service fund (02) or the community service fund (04) and must be approved if they do not increase state aid or result in additional property tax authority for the district.

New Course Dimensions

621 Highly Qualified Staff (Second Prior Federal Award)

Use only with federal finance codes to track expenditures that already have a program, finance and object code designation and must also identify set-aside funds to ensure that staff members in core academic subject areas meet the highly qualified provisions. Use this code to report federal expenditures related to this set-aside for federal awards in which the current state fiscal year is the same as the current federal award year. The second prior year federal award year – 2009 – is the calendar year when the federal award was initially awarded (October 1, 2009 to September 30, 2010, forward funded back to July 1, 2009).

622 LEA Level Activities (Second Prior Year Federal Award)

Use only with federal finance codes to track expenditures that already have a program, finance and object code designation and must also identify set-aside funds for activities that are conducted by the district for all Title I schools. Use this code for expenditures for federal funds awarded two years prior to the current state fiscal year. The second prior year federal award year – 2009 – is the calendar year when the federal award was initially awarded (October 1, 2009 to September 30, 2010, forward funded back to July 1, 2009).

623 Neglected (Second Prior Year Federal Award)

Use only with federal finance codes to track expenditures that already have a program, finance and object code designation and must also identify set-aside funds for comparable services to neglected students. Use this code for expenditures for federal funds awarded two years prior to the current state fiscal year. The second prior year federal award year – 2009 – is the calendar year when the federal award was initially awarded (October 1, 2009 to September 30, 2010, forward funded back to July 1, 2009).

624 Homeless (Second Prior Year Federal Award)

Use only with federal finance codes to track expenditures that already have a program, finance and object code designation and must also identify set-aside funds for comparable services to homeless/highly mobile children, regardless of school attendance area. Use this code for expenditures for federal funds awarded two years prior to the current state fiscal year. The second prior year federal award year – 2009 – is the calendar year when the federal award was initially awarded (October 1, 2009 to September 30, 2010, forward funded back to July 1, 2009).

625 Parent Involvement (Second Prior Year Federal Award)

Use only with federal finance codes to track expenditures that have a program, finance and object code designation and must also identify funds set-aside or spent on parental involvement activities. Use this code for expenditures for federal funds awarded two years prior to the current state fiscal year. The second prior year federal award year – 2009 – is the calendar year when the federal award was initially awarded (October 1, 2009 to September 30, 2010, forward funded back to July 1, 2009).

626 School Choice and Supplemental Educational Services (Second Prior Year Federal Award)

Use only with federal finance codes to track expenditures that have a program, finance and object code designation and must also identify funds set-aside for school choice and supplemental education services. Use this code for expenditures for federal funds awarded two years prior to the current state fiscal year. The second prior year federal award year – 2009 – is the calendar year when the federal award was initially awarded (October 1, 2009 to September 30, 2010, forward funded back to July 1, 2009).

Deleted Finance Dimensions**165/265 ARRA Stabilization Modernization, Renovation and Repair (Fund 01 and 06)**

Record revenues and expenditures for modernization, renovation and repair. CFDA 84.394, the American Recovery and Reinvestment Act of 2009 (ARRA) P.L. 111-5.

496/696 ARRA Targeted Funds - School Lunch Equipment Assistance

Record revenues and expenditures related to the School Lunch Equipment Assistance grants. These competitive grants are for the purpose of purchasing, renovating or replacing equipment used for the National School Lunch Program. CFDA No. 10.579, the American Recovery and Reinvestment Act of 2009 (ARRA) P.L. 111-5.

331 First Grade Preparedness (Fund 01)

Record revenue and expenditures for the First Grade Preparedness Program related to the approved budget. This program provides eligible schools with state aid to be used to provide a full-day, every day kindergarten program (reported under Program code 201) or a kindergarten preparation program for four-year-olds (reported under program code 202). Districts with eligible school sites are notified of their eligibility; the district must submit an annual budget. Minn. Stat. § 124D.081. Activity in this account relates to Balance Sheet Code 446, Reserve for First Grade Preparedness Payment Description – 01F331 FIRST GRADE PREP FY

If you have any questions regarding 2011 Legislative Changes Affecting UFARS, please email the UFARS Helpdesk at mde.ufars-accounting@state.mn.us.

11. Changing Banks or Other Vendor Information at Minnesota Management and Budget

When changing bank data or any other vendor data at Minnesota Management and Budget (MMB, formerly the Minnesota Department of Finance), please avoid accessing the district vendor information on a date three days prior to a state or federal aid payment.

MMB implemented a new statewide accounting system on July 1. As a result of the new system and administrative processes, files sent for payment from MDE's IDEAS and SERVVS systems go through a three-stage edit process with run times of 10:00 a.m., 2:00 p.m. and 6:00 p.m.. The first process is an interface for file layout and valid vendor numbers. When a district or school revises vendor

information, that vendor number is tagged as unapproved until MMB manually intervenes to reapprove. In the first stage edit, any unapproved vendor stops the edit process for all districts, charter schools and cooperatives. The next stages, verification of valid accounts and available encumbrance that will allow payments do not run. As a result, we cannot be assured the payments will process if vendor errors occur. In other words, one vendor change could result in late payments for all MDE customers.

We have informed MMB of the issue, but request your cooperation in carefully timing vendor information changes until the department examines the issue and finds a solution.