Approved Minutes

June 16, 2009

Advisory Committee on Financial Management, Accounting and Reporting

The Advisory Committee met on June 16, 2009. Members in attendance: Lori Mohs, Beth Heinze, Michelle Knutson, Karsten Anderson, Angie Manuel, Nancy Schulzetenberg, Janet Halonen, Tom Wieczorek, Greg Hierlinger, David Peterson and Tiffany Rodning. MDE Staff: Janna Duffy, Greg Hein, Karen Dykoski, Mary Weigel, Audrey Bomstad, Michelle Weber and Keri Lewis.

The meeting was opened by Beth Heinze at 12:03 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 May 12, 2009, meeting minutes. No corrections were made to the minutes. Motion to approve the minutes was made by Janet Halonen, seconded by Lori Mohs. Unanimous approval by the committee.

Janna Duffy discussed the School Business Bulletin (SBB) #40 that was posted to the MDE Website. The SBB #40 was designed to communicate the FY 2009 final changes resulting from the American Recovery and Reinvestment Act (ARRA), the transition to SERVS Financial, and to clarify outstanding accounting issues. Janna noted a couple of key points in the SBB: 1) The department followed the committee's suggestion and assigned a 700 series UFARS Finance Code (791) for projects funded by Certificates of Participation; 2) Paraprofessionals that do not need certification according to IDEA or NCLB should continue to be reported in UFARS Object Code 141; 3) The 2009 UFARS Grid Release 9.5 has been sent out to vendors; 4) UFARS data file submissions will be accepted no earlier than July 15, 2009; and 5) The audit notification letter referenced in the bulletin will be updated to reflect that the State Auditor's Office wants electronic copies of the audits.

Janna handed out a draft copy of the FY 2010 UFARS restricted grid for Title VIII – Impact Aid and discussed the line items with the committee. Object Code 365 and Object Code 531 will be removed from the draft grid. Under Fund 01 and 06, Program Code 850, Object Codes 510, 520 and 530 will be added. Janna discussed the notes at the bottom of the grid. There are some codes that may be used (i.e., Object Code 350 – Repairs and Maintenance) but not all uses under that code are allowable (i.e., maintenance is not allowed). Instead of restructuring UFARS coding, the unallowable costs according to: 1) OMB Circular, 2) ARRA regulations, and 3) MDE program restrictions, were noted on the restricted grid.

Janet Halonen had requested that the committee review the restriction of chargebacks in federal programs. The indirect cost chargeback (895) is allowable but the concerns were specific to the use of the other chargeback codes in UFARS. While the chargeback methodology limits the

number of journal entries needed to reallocate costs, Michelle Weber explained that the enhanced transparency required of federal funds requires MDE to monitor the object level detail. Though Michelle Weber was called out of the meeting, there was additional discussion on the subject. David Peterson asked if UFARS Object Code 365 would be allowable since there is documentation supporting the chargebacks on the transportation report. UFARS Object Code 365 will not be included on the initial release of the restricted grid for federal funds, but the question will be brought back to MDE leadership for further review.

Mary Weigel distributed a list of questions regarding Prior Period Adjustments (PPA) and sample reconciliation reports. The current UFARS structure does not account for PPAs or other similar types of adjustments. The first report identified districts where the FY 2007 end of year (EOY) fund balances did not agree with FY 2008 beginning fund balance, as reported in UFARS. The second report was a list of districts in which the total FY 2008 beginning fund balances plus FY 2008 revenues minus FY 2008 expenditures did not agree with the FY 2008 EOY fund balances, as reported in UFARS.

The committee discussed reviewing their software procedures to identify whether or not the prior year reporting within their software may contribute to this issue. Also, the concept of providing new codes, reported in the other financing sources/uses category, could possibly provide the reporting capabilities currently lacking in UFARS. The software research will be brought back to the committee at the next meeting. Also, Mary Weigel will research the new code concept and report back to the committee at the next meeting.

Beth called for items for the next advisory meeting. The committee will discuss UFARS Funds 98 and 99 in addition to the update on prior period adjustments.

The meeting was adjourned 2:33 p.m.

The next Advisory Committee meeting is scheduled for Wednesday, August 19, 2009, at the Minnesota Department of Education.