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## **SCHOOL BUSINESS BULLETIN**

*A Publication of the Division of School Finance*

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### **Dave Abrahamson and Deb Meier Join the Division of School Finance**

The Financial Management team welcomes the following new members:

Dave Abrahamson spent 16 years as an administrator in a junior high school for Osseo Area Schools. He has an undergraduate degree in Accounting from Brigham Young University. Dave may be reached at [Dave.Abrahamson@state.mn.us](mailto:Dave.Abrahamson@state.mn.us) or 651-582-8257.

Deb Meier was the Supervisor of Accounting for Forest Lake Area Schools/St. Francis for the past 16 years. She was in charge of payroll, benefits, accounts payable, accounts receivable, budgeting and audit. Deb has an undergraduate degree from Augsburg College in Business Administration. Deb may be reached at [Debra.A.Meier@state.mn.us](mailto:Debra.A.Meier@state.mn.us) or 651-582-8656.

### **Student Transportation Specialist Position**

We are pleased to announce that Julie Belisle has been hired as the student transportation specialist position vacated when Kelly Wosika was promoted to Student Accounting. Please welcome Julie in her new role! Julie previously had worked at St. Croix River Education District with the medical assistance claims. One of Julie's responsibilities in her new position is the Charter School Transportation Survey. Julie may be reached at [julie.belisle@state.mn.us](mailto:julie.belisle@state.mn.us) or 651-582-8265.

## Verification of the Alternate Application for Educational Benefits

Schools on the Community Eligibility Program or Provision 2 and 3 schools where FNS meal reimbursements are based on percentages from a prior school year need to be aware of three issues:

1. For purposes of MARSS reporting, the school must collect individual students' eligibility for the free or reduced price meal program to report Economic Indicator. The *Alternate Application for Educational Benefits* should be used in districts that are fully Community Eligibility Programs, Provision 2 and 3 schools and schools that are not on a meal program.
2. The cost of processing and verifying the *Alternate Application for Educational Benefits* is a general education cost, Fund 1.
3. The data reported on the *Alternate Application for Educational Benefits* needs to be verified. The easiest method is to select a three percent random sample.

View a copy of the 2014-15 *Alternate Application for Educational Benefits* and related material on the MDE website under [education.state.mn.us/MDE/SchSup/SchFin/MARSSStuAcc/index.htm](http://education.state.mn.us/MDE/SchSup/SchFin/MARSSStuAcc/index.htm).

### Background

For purposes of MARSS reporting, schools must have documentation showing individual students' eligibility for the free and reduced price meals (Economic Indicator) so that MDE can accurately calculate compensatory revenue. Eligibility can be determined based on Direct Certification or household income reports. Historically, the *Application for Educational Benefits* has been used to certify eligibility for students who are not included on a Direct Certification list. An *Alternate Application for Educational Benefits* was first developed for the 2014-15 school year specifically for schools on the Community Eligibility Program (CEP), Provision 2 and 3 schools, and schools without a meal program. The application collects the same type of household income data that is collected on the *Application for Educational Benefits* but excludes references to free meals to avoid confusion for the families completing the form.

Community Eligibility is a food service program that allows eligible schools to provide free meals to all students enrolled. It is described in more detail in the June 2014 School Business Bulletin which can be accessed by [clicking here](#).

Contact [Kelly Wosika](#) at 651-582-8855 with questions on the *Alternate Application for Educational Benefits*.

For questions on accounting for the cost of processing and verifying the *Alternative Application for Educational Benefits* email the Accounting Helpdesk at [MDE.UFARS-Accounting@state.mn.us](mailto:MDE.UFARS-Accounting@state.mn.us).

## External User Access Recertification Release Announcement

The Minnesota Department of Education (MDE) is pleased to announce the release of the new External User Access Recertification System. This system provides Local Education Agency (LEA) superintendents and directors with additional information and control over who has external access to MDE secure systems for their LEA.

In many cases, each MDE secure system required the district to complete a separate Superintendent Authorization Form to indicate which users were authorized for access to that system. The External User Access Recertification System replaces those forms with one system that allows the LEA superintendent or director to:

1. See everyone with external access to MDE secure systems for their LEA.
2. Pre-authorize new external user access to MDE secure systems for their LEA.
3. Annually review, recertify or revoke external user access to MDE secure systems for their LEA.

To begin using the External User Access Recertification System, the LEA must designate the Identified Official with Authority to assign job duties and authorize external user access for their LEA. The instructions for designating an Identified Official with Authority are on the External User Access Recertification System launch page on the MDE website under the School Support Data Submissions page:

[education.state.mn.us/MDE/SchSup/DataSubLogin/ExtUserAccess/index.htm](http://education.state.mn.us/MDE/SchSup/DataSubLogin/ExtUserAccess/index.htm)

As of April 1, 2015, the Identified Official with Authority should use the External User Access Recertification System instead of completing Superintendent Authorization forms for supported MDE secure systems. The current list of supported MDE secure systems is on the External User Access Recertification System launch page on the MDE website.

### **Regarding User Access Revocation**

The External User Access Recertification System will not automatically revoke any user access at this time. However, the Identified Official with Authority at the LEA will have the ability to revoke user access which they do not authorize to MDE secure systems.

In 2015, the focus is on deploying and training users on the new External User Access Recertification. However, Minnesota State Security Standards do define expiration limits for unused and uncertified user accounts, and we will add functionality for automatic account revocation sometime in the future.

## FY 2015 School Finance Award for FY 2014 UFARS Financial Reporting

The School Finance Award is awarded annually by the MDE Division of School Finance to recognize schools for meeting statutory deadlines for submission of audited financial data and reporting criteria. Out of 549 eligible reporting entities, 390 met the qualifying criteria for the FY 2015 School Finance Award. ***There was no application process for the FY 2015 School Finance Awards.***

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**Criteria for FY 2014 Financial Reporting:****A. Timely Submission of Financial Data and Compliance with Minnesota Statutes**

A.1. Preliminary unaudited UFARS data is submitted to MDE by September 15, 2014 (Minn. Stat. § 123B.77, Subd. 2).

A.2. Final audited UFARS data is submitted to MDE by November 30, 2014<sup>1</sup> (Minn. Stat. § 123B.77, Subd. 3). Late UFARS submissions are not considered.

A.3. The Fiscal Compliance Table is completed and error-free by November 30, 2014<sup>1</sup> (Minn. Stat. § 123B.77, Subd. 3). Subsequent Fiscal Compliance Table submissions will not be considered.

A.4. The audited financial statement is submitted to MDE by December 31, 2014. If the audit was mailed/emailed, it must have been postmarked on or before December 31, 2014 (Minn. Stat. § 123B.77, Subd. 3).

A.5. District/school uses state-approved financial software (Minn. Stat. § 125B.05, Subd. 3).

**B. Presence of Select Indicators of Fiscal Health**

B.1. The district/school has a zero or positive balance in the General Fund Unassigned Fund Balance Account 422.

B.2. The district/school has a zero or positive aggregate fund balance in each of the Funds 2, 4 and 7.

B.3. The district has positive or zero balances in Restricted/Reserved Fund Balance Accounts having statutory requirements to maintain a positive or zero balance.

**C. Accuracy in Financial Reporting**

C.1. The district/school's final UFARS Turnaround Edit Report has no errors.

C.2. The district/school's final audited UFARS data agrees with the independent audit data.

*<sup>1</sup>November 30, 2014 statutory deadline falls on a Sunday, therefore, submissions are timely if submitted by Monday, December 1, 2014 (Minn. Stat. § 474A.025).*

For questions about the 2015 School Finance Award for FY 2014 UFARS Financial Reporting, contact Sarah Miller at 651-582-8370 or [Sarah.C.Miller@state.mn.us](mailto:Sarah.C.Miller@state.mn.us). 2015 Criteria and Recipients may be found on the MDE Website under: School Support > School Finance > Financial Management > Guidance and Reports and select 2015 School Finance Award Criteria and Recipients.

## FY 2015 Teacher Development and Evaluation Review

2014 Legislation, Supplemental Budget Bill, Chapter 312, Article 16 addresses teacher development and evaluation revenue for a school district, intermediate school district, or charter school who did not have an alternative professional pay system agreement (Q-Comp). Under Minnesota Statutes, section 122A.414, Subdivision 2, revenue equals \$302 times the number of full-time equivalent teachers (FTEs) employed on October 1 of the previous school year (FY 2015 only). To participate in this program, a school district, intermediate school district, school site, or charter school must have an educational improvement plan under section 122A.413 and an alternative teacher professional pay system agreement under paragraph (b). A charter school participant also must comply with Subdivision 2(a).

The definition of a “teacher” is found in Minnesota Statutes, section 122A.40, Subdivision 1, or Minnesota Statutes, section 122A.41, Subdivision 1. There is no budget requirement; however, expenditures should align with the educational improvement plan.

Teacher Development and Evaluation has a reserve requirement (**UFARS Finance Code 319 and Balance Sheet Account 440**) as noted in Minnesota Statutes, section 122A.40, Subdivision 8, or Minnesota Statutes, section 122A.41. Full descriptions of Finance Code 319 and Balance Sheet Account 440 may be found in the article below – UFARS Coding Additions and Changes.

**For revenue reporting use UFARS Source Code 300** – State Aids Received from Minnesota Department of Education for which a Finance Code is Specified.

Please send accounting inquiries about *FY 2015 Teacher Development and Evaluation* to the Accounting Helpdesk at [MDE.UFARS-Accounting@state.mn.us](mailto:MDE.UFARS-Accounting@state.mn.us). For program questions, contact Tyler Livingston at 651-582-8427 or [tyler.livingston@state.mn.us](mailto:tyler.livingston@state.mn.us).

## UFARS Coding Additions and Changes – Effective July 1, 2014

The following UFARS dimension additions and changes have been reviewed and approved by the Advisory Committee effective July 1, 2014:

**Added Finance** Dimension effective July 1, 2014:

### ADDITIONS

Account	Description
319	Teacher Development and Evaluation Revenue (Fund 01)

Record revenues and expenditures for teacher development and evaluation revenue for a school district, intermediate school district, or charter school that does not have an alternative professional pay system agreement. To participate in this program a school district, intermediate school district, school site, or charter school must have an educational improvement plan (Minn. Stat. § 122A.413-415). The activities in this code apply to Balance Sheet code 440, Restricted/Reserved for Teacher Development and Evaluation.

*Payment Description – 01F319 TCHR DEVELOPMENT & EVAL*

**Added Balance Sheet** Dimension effective July 1, 2014:

**ADDITIONS**

<b>Account</b>	<b>Description</b>
<b>440</b>	<p><b>Restricted/Reserved for Teacher Development and Evaluation (Fund 01)</b></p> <p>Represents resources available for teacher development and evaluation uses listed in Minnesota Statute, section 122A.40, Subdivision 8 or section 122A.41, Subdivision 5. Related to Finance Code 319, Teacher Development and Evaluation (<a href="#">Minn. Stat. § 122A.413-415</a>). This <i>restricted/reserved account is not allowed to go into deficit.</i></p>

**CHAPTER 10 RESTRICTED GRID CHANGES (Effective July 1, 2014)**

**Finance Code 328 – Home Visiting**

Object Code 195 – Interdepartmental Employee Salaries and Wages (Chargeback) and Object Code 295 – Interdepartmental Employee Benefits (Chargeback) have been removed from Finance Code 328 in the Chapter 10 Restricted Grid.

**FY 2015 - Fund 4, Community Service Fund Permanent Transfer Authority Addition**

Laws 2013, chapter 116, article 7, section 19, authorizes school districts and charter schools to make permanent fund transfers through the end of fiscal year 2015 if the following conditions are met and the transfer is approved by the commissioner:

- 1) The transfer does not increase state aid obligations to the district or result in additional property tax authority for the district,
- 2) Funds are not transferred out of the community service fund, the food service fund, or the reserved account for staff development in the general fund; and
- 3) The school board approves the transfer after adopting a resolution stating that the transfer will not diminish instructional opportunities for students.

Earlier guidance issued by the Minnesota Department of Education (MDE) regarding this legislation did not address transfers within the community service fund. In response to inquiries received from school districts, MDE has reviewed the legislation and has determined that transfers within the community service fund that meet the above criteria are allowable through the end of FY 2015 with commissioner approval. For example, districts and charters with Balance Sheet Accounts 432 Early Childhood and Family Education (ECFE) and / or 444 School Readiness may transfer funds between the two accounts with commissioner approval.

Information about the form and instructions for requesting transfer authority under this provision are posted on the department website: [education.state.mn.us](http://education.state.mn.us) > School Support > School Finance > Financial Management. If you have questions, please contact David Day at 651-582-8384 or [david.day@state.mn.us](mailto:david.day@state.mn.us)

## Changing Banks or Other Vendor Information at Minnesota Management and Budget (MMB)

When changing bank data or any other vendor data at Minnesota Management and Budget (MMB), **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, 2011. The system is called StateWide Integrated Financial Tools (SWIFT). As a result of the new system and administrative processes, files sent for payment from the MDE IDEAS systems to the MMB SWIFT system go through a two stage edit process. 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 stage, verification of valid accounts and available encumbrance that will allow payments, will not run. **As a result, one vendor change could delay the IDEAS payment and result in late payments for all MDE customers.**

For questions on *Changing Banks or Other Vendor Information at Minnesota Management and Budget*, please contact Minnesota Management and Budget at: [mn.gov/mmb/accounting/swift/vendor\\_resources/](http://mn.gov/mmb/accounting/swift/vendor_resources/) or [vendor.mmbefax@state.mn.us](mailto:vendor.mmbefax@state.mn.us).

## NEXT UFARS 101 Training Scheduled on July 22, 2015

The next scheduled date for UFARS 101 training is **July 22, 2015**, at MDE, 1500 Highway 36 West, Conference Center A, Room CC14, Roseville, Minnesota 55113. UFARS 101 training will introduce Uniform Financial Accounting and Reporting Standards (UFARS) and review: A) Chart of Accounts; B) UFARS System Uses; C) Dimension Descriptions; D) Legislative Requirements, and review basic accounting concepts and financial reporting for Minnesota schools. The training will also include expenditure and revenue exercises and website navigation.

Registration information is still **pending** and will be [posted on the MDE's Calendar of Workshops](#) closer to the training session.

For questions about the *UFARS 101 Training Scheduled this summer – July 22, 2015*, please contact [MDE.UFARS-Accounting@state.mn.us](mailto:MDE.UFARS-Accounting@state.mn.us).