

Weber, Kirk

From: Weber, Kirk <Weber_K@cde.state.co.us>
Sent: Friday, May 30, 2014 2:49 PM
To: Public School Finance
Cc: Emm, Leanne; Okes, Jennifer; Williams, Adam; Lucero, Yolanda
Subject: Capital Reserve Fund and Food Service Fund Information

Importance: High

Hi All,

As you may or may not be aware, at the May 9th Financial Policies and Procedures (FPP) Committee meeting, the committee approved a change to the accounting treatment of the Food Service Fund from an Enterprise Fund to that of a Special Revenue Fund as of July 1, 2014. To accommodate this change, any district that is still using Fund 21, must move any remaining Capital Reserve Special Revenue Fund activities to Fund 43 prior to June 30, 2014.

Below is information on the changes needed by the district.

If Fund 21 is still being used by district - the current (FY13-14) Fund 21 must be transferred to Fund 43 prior to June 30, 2014. The data pipeline process will have an edit in place to not accept any balance sheet codes being coded to Fund 21 as of June 30, 2014.

The current (FY13-14) Fund 51 – Food Service Fund should continue to be used as in the past for the fiscal year ended June 30, 2014.

Start using Fund 21 as the new Food Service Fund as of July 1, 2014. This will require the reclassification of balance sheet accounts from Fund 51 to Fund 21 as of July 1, 2014. Only the current assets, current liabilities, and net position (fund balance) would be reclassified to the new Fund 21. The Capital Assets portion and the Long-term Liabilities portion would not be reclassified to the new Fund 21. These items would be captured with the district's other government-wide items. In no case, should the Food Service Fund (as a Special Revenue Fund) be required to reimburse or pay another fund for the capital assets that are being transferred to the government-wide reporting.

The Invested in Capital Assets, Net of Related Debt would not be reclassified to the new Fund 21 and the Unrestricted Net Position would become Assigned Fund Balance in the new Fund 21. For the FY14-15 audit, a footnote in the audited financial statements will be needed to explain this change in fund type as of July 1, 2014.

Assuming that all of the old Fund 51 balance sheet accounts have been moved to the new Fund 21 as of July 1, 2014, the payments made against the accrued salaries and benefits, and other such items would be directed to the new Fund 21, and no such activities would be reported under the old Fund 51 during FY14-15.

The data pipeline process will have an edit in place to not accept any activities being posted to Fund 51 as of June 30, 2015.

For the FY14-15 budget process, the district has the option to revise the budget presentation prior to January 31, 2015 for the change in Food Service Fund treatment for FY14-15, and if needed the supplemental budget process may be available from February 1, 2015 to June 30, 2015 for such changes. With the change from the Enterprise Fund to the Special Revenue Fund treatment, the depreciation expense would be dropped and any capital outlay items (if approved by the Office of School Nutrition) would be included, and any current year changes in long-term liabilities would be removed from the expenditures.

We are working on a question and answer sheet related to these changes. If you have any other questions for the FAQ sheet, let me know.

Also, let me know if you have any questions.

Thanks,

Kirk Weber | Financial Accounting Technical Advisor, Public School Finance Division | Colorado Department of Education |
201 E. Colfax Ave, Room 206, Denver, CO 80203 | tel 303.866.6610 | www.cde.state.co.us |
weber_k@cde.state.co.us | Connect with us on [Twitter](#) | [Facebook](#) | [YouTube](#)

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