

FINANCE

NEWSLETTER



JANUARY - FEBRUARY 2016

KENTUCKY DEPARTMENT OF EDUCATION

Changes in Food Service

Effective July 1, 2015, U.S. Department of Agriculture (USDA) implemented regulations found at 7 CFR 210.30 for Professional Standards for School Nutrition personnel that requires minimum hiring standards for school nutrition program directors. The intent of the final rule is to help ensure that school nutrition personnel have the knowledge, training and tools they need to plan, prepare and purchase nutritious, safe and enjoyable school meals. In response to the final rule as well as the ever changing school nutrition environment, Kentucky Department of Education (KDE) updated all Food Service related job descriptions. The updated job descriptions can be found on the KDE website. If you would like more information regarding this matter, please contact the KDE Division of School and Community Nutrition (SCN) or visit the SCN website.

GASB change for fund 6X and 7XXX causes student activity transactions to move to fund 6X

GASB 67 and 68 forces the reporting of student activity funds to change from fund 7001-7999 to fund 6x beginning with the reporting of the Annual Financial Report (AFR) for 2015-2016 beginning July 25, 2016. Districts will no longer record projects 7xx for student activities in fund 7001-7999.

Since this is an important change, an edit check will be added to assure that districts do not report projects 7xx under funds 7001-7999. It will be a note in the unaudited AFR submission but an error in the audited AFR submission.

Below are the new definitions for these funds:

those used to account for student activity funds. This fund may also be used to account for funds passed through the district acting as fiscal agent for an entity.

7001-7999 Fiduciary Funds – Pension, Investment, and Private-Purpose Trust Funds: These funds account for assets held by a school district in a trustee capacity for others – e.g., members and beneficiaries of pension plans and other postemployment benefit (OPEB) plans, external investment pools, or private-purpose trust arrangements – and that therefore cannot be used to support the school district’s own programs. Trust funds are generally accounted for using the economic resources measurement focus and the accrual basis of accounting (except for the recognition of certain liabilities of defined benefit pension plans and certain postemployment health care plans; refer to GASB Statements 26, 27, 43, 45, 67, and 68 for guidance on the recognition of these liabilities).

Pension Trust Funds: These funds account for resources that are required to be held in trust for members and beneficiaries of defined benefit pension plans, defined contribution plans, OPEB plans, or other benefit plans. Typically, these funds account for local pension and other employee benefit funds that are provided by a school district in lieu of or in addition to any state retirement system.

Investment Trust Funds: These funds account for the external portion (i.e., the portion that does not belong to the school district) of investment pools operated by the school district.

Private-Purpose Trust Funds: These funds account for other trust arrangements under which the principal and

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6X Fiduciary Funds –

Agency Funds: These funds account for funds that are held in a custodial capacity by the school district for individuals, private organizations, or other governments. Agency funds may include



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income benefit individuals, private organizations, or other governments.

If you have any questions you may contact Karen Conway via phone at 502-564-3846 extension 4435 or email karen.conway@education.ky.gov or Carol Buell via phone at 502-564-3846 extension 4438 or email carol.buell@education.ky.gov.

Update School District Finance Contacts

Please e-mail changes about districts finance officers and additional finance contacts that are listed on the Global All State MUNIS Finance Contacts e-mail distribution list and School and District Contact Information, Other Roles Information, Director of Finance and Business listing (<http://applications.education.ky.gov/sdci/>) to Jana Cox at jana.cox@education.ky.gov.

This will ensure these individuals receive timely financial and operational updates and information. Please include the following information in the e-mail:

- district name
- new finance officer name
- new finance officer employment start date
- former finance officer name to be deleted from district's finance contact information
- additional district finance contact names to be added to the district's finance contact information
- additional district finance contact names to be deleted from the district's finance contact information

The All State MUNIS Finance Contacts e-mail distribution list includes district finance officers and additional finance contact names. Changes will be made in the Global Address List All State MUNIS Finance Contacts within a week of receipt.

Any changes for the School and District Contact Information, Other Roles Information, Director of Finance and Business section need to be submitted by the 15th of each month and will be updated by the end of each month. Please forward school district finance contact questions to Jana Cox at (502) 564-3846 or jana.cox@education.ky.gov.

Working Budgets

All working budgets submitted by districts were approved by the Kentucky Board of Education on Dec. 9, 2015.

Mandatory Indirect Cost Rate adjustment window opens April 1 and Closes May 13

The Indirect Cost Rates for all districts in FY17 will be presented and approved at the June 8, Kentucky Board of Education (KBE) meeting. Shortly after the approval, all rates will be posted to the Kentucky Department of Education (KDE) website:

<http://education.ky.gov/districts/FinRept/Pages/Fund%20Balances,%20Revenues%20and%20Expenditures,%20Chart%20of%20Accounts,%20Indirect%20Cost%20Rates%20and%20Key%20Financial%20Indicators.aspx>

KDE requires districts to complete

the rate setting process by verifying their data through the [SEEK Web submission form](#). This is a mandatory annual process. Read the OMB A-87 circular to familiarize yourself with the directives to make sure your rates are correct and the appropriate adjustments are made for your district's calculation.

If your district opts not to make any adjustments to the indirect cost rate, please use the appropriate checkbox in the web form that notifies KDE.

Districts are also encouraged (not required) to have their rates approved

by their local school board. Please begin using the FY17 rates on July 1, 2016.

Resources regarding indirect costs can be found at: http://www.whitehouse.gov/omb/circulars/a087_2004/

[Indirect Cost Guidelines](#)

Questions regarding Indirect Costs can be directed to Steve Lyles at steve.lyles@education.ky.gov or (502) 564-3930 extension 4416 or Karen Conway karen.conway@education.ky.gov or (502) 564-3846 extension 4435.

KDE Office of Administration and Support

Associate Commissioner Robin Kinney
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Director Donna Duncan, Assistant Director Steve Lyles

District Funding and Reporting

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