

Child Nutrition Programs

Financial Management and Compliance

New Directors' Training



New Directors' Training ~ Summer 2020

AGENDA

General Information CNP Directory, Organizational Chart, Food & Nutrition Resource List, Technical Assistance Request Form, Job Tasks Timeline Calendar, Free & Reduced Application Information, Accessing Materials	Robbie Scott , Education Specialist ALSDE, Child Nutrition Program	Memos, Civil Rights, Bid Laws	Robbie Scott , Education Specialist ALSDE, Child Nutrition Program
SDE Accounting Functions Setting Meal Prices, PLE, Reimbursement Rates, Severe Need, Safety Net, Cost Centers	LaKecia Love , Education Specialist ALSDE, Food Distribution	Professional Standards Training Requirements, CNP Director Qualifications	LaKecia Love , Education Specialist ALSDE, Child Nutrition Program
Meal Accountability Counting & Claiming, POS Systems, School Review Forms - Breakfast, Lunch, Snack	Devin Williamson, Nutritionist ALSDE, Child Nutrition Program	CNP Online Application Schedule A Revisions, Updating Information, Annual Agreement	Chad Langston , Senior Nutritionist ALSDE, Child Nutrition Program
Meal Pattern Reimbursable Meals/Afterschool Snacks/Fundraisers/Smart Snacks	Chad Langston, Senior Nutritionist ALSDE, Child Nutrition Program	User Accounts, Site Data, Plate Cost, Openings and Closings	Sharon Allison , Education Specialist ALSDE, Child Nutrition Program
Food Production Food Buying Guide, CN Labels, Standardized Recipes, Menu Planner	Sharon Allison , Education Specialist ALSDE, Child Nutrition Program	Wellness	Julie Autrey , Education Specialist ALSDE, Child Nutrition Program
Production Records/Record Keeping	Devin Williamson , Nutritionist ALSDE, Child Nutrition Program	Human Resources	Julie Autrey , Education Specialist ALSDE, Child Nutrition Program
HACCP	LaKecia Love , Education Specialist ALSDE, Child Nutrition Program	Summer Programs	Kim Ruggles , Education Specialist ALSDE, CACFP Section
		Financial Management	Debbie Harris , Auditor ALSDE, Child Nutrition Program
		Procurement	Joel Evans , Auditor ALSDE, Child Nutrition Program
		Food Distribution/Statewide Procurement	Brantley Tucker Surplus Commodity Administrator ALSDE, Child Nutrition Program
		Equipment Review	June Barrett , Program Coordinator ALSDE, Child Nutrition Program

Click on the link below to access the recorded training:

<https://alsde.webex.com/alsde/lr.php?RCID=268a06d7459847f79f5eb9dfb939aaf1>

Financial Management in the National School Lunch Program



**KEEP CALM
AND
GOOD LUCK
IN YOUR NEW JOB**

Financial Management in the National School Lunch Program

- Is the system operating in the “red” or in the “black”?
- Which schools are operating efficiently?
- Which costs are too high?
- Which schools have too much labor?
- What improvements can be made?



**LINGERING
QUESTIONS**

To Do List



Basic Information Required for Success

- Learn the basis for the system's financial management system
- Understand the basic Child Nutrition Program (CNP) coding structure
- Interpret the financial printouts
- Perform financial analysis of CNP costs
- Review policies

Sources of Financial Information

- Local Education Accounting (LEA) Accounting Manual
- Child Nutrition Programs Financial Management Manual

Financial Management in the National School Lunch Program

Basis of Accounting

CASH-BASIS ACCOUNTING recognizes transactions when cash is received or disbursed. The greatest weakness of cash basis accounting is that it does not recognize accounts receivable, accounts payable and other accrued items. It does not match resources used to resources provided.

MODIFIED ACCRUAL-BASIS ACCOUNTING recognizes transactions when they become both measurable and available for use or collection within the reporting fiscal period.

ACCRUAL-BASIS ACCOUNTING recognizes transactions when they occur, regardless of the timing of the related cash transaction.

Alabama State Department Board of Education Accounting System

- **Fund Types**
- * USDA programs are designated as Fund Type 12 (Special Revenue Fund).
- **Account Types**
 - *Assets* [1] - what is owned and due to be received
 - *Liabilities* [2] - what is owed
 - Fund Equity[3] – operating balance
 - *Revenues/Sources* [4] - what is received
 - *Expenditures/Uses* [5] - what is paid
- *United States Department of Agriculture

Alabama State Department Board of Education Accounting System



- Salaries/Fringes Payable 0211-0249
- Accounts Payable 0251
- Interfund Payable 0261
- Deferred Revenues 0271



Alabama State Department Board of Education Accounting System

Fund Equity

- Reserved for Encumbrances 0341
- Reserved for Inventories 0342
- Unreserved Fund Balance 0350
- Encumbrance Offset 0358
- Adjustment to Beginning Balance 0360

Alabama State Department Board of Education Accounting System

Revenue

- **Federal Sources USDA**
- School Lunch 5110
- School Lunch Program-Section 4 5120
- After School Snack Program 5125
- School Breakfast Program 5130
- Severe Need Breakfast Program 5135
- School Breakfast Program-Start Up Grants 5140
- USDA Donated Foods (Commodities) 5160
- CNP Rebates USDA Donated Foods 5161
- Summer Food Service Program 5170
- Wellness-Wellness 5191
- Fresh Fruits and Vegetable Program (FFVP) 5192
- Healthier US School Challenge 5193
- Equipment Grant 5194
- Child and Adult Care 5199

Alabama State Department Board of Education Accounting System

Revenue

- **Food Service Income**
- Daily Sales - Lunch 6710
- Daily Sales - Breakfast 6720
- Daily Sales - A la carte 6730
- Daily Sales - Other 6740
- Special Functions 6750
- Summer Feeding - Vending 6760
- Other Food Service Income 6790
- Interest 6810
- Other Local Source 6990
- CNP Rebates 8993
- Food Distribution Reimbursement 8994
- Operating Transfer In* 9210
- Sale of Fixed Assets 9310

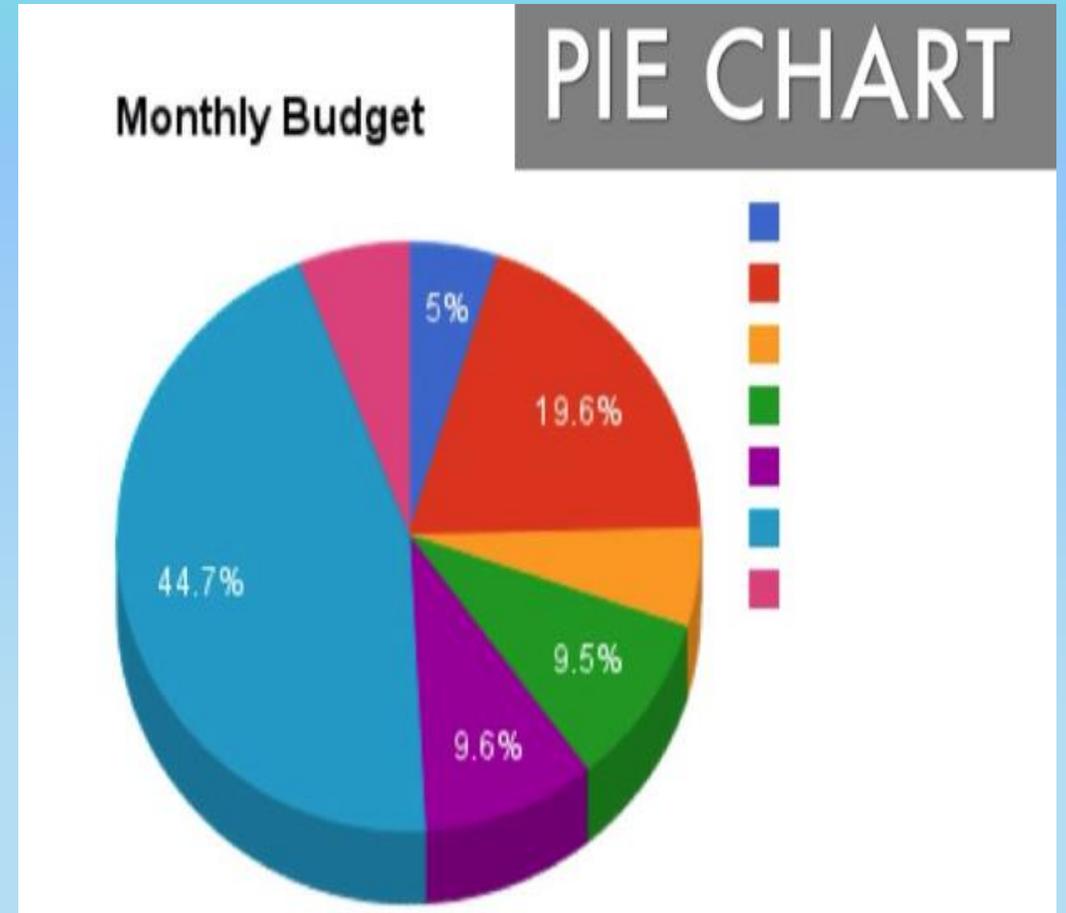


*Use Special Use Code 0034 for required transfers from Foundation Program for State Mandated Raises and Fringes (Pass-thru)

Financial Management in the National School Lunch Program

Accounting Code for Expenditures

❖ Salaries	053,113,115,141-149,172
❖ Substitutes	180
❖ Fringe Benefits	210-290
❖ Purchased Services	300's
• Substitutes	335
• Equipment R & M	341
• Garbage and Waste	348
• Telephone	361
• Electricity	371
• Water & Sewage	372
• Natural Gas	373
• Travel-Local	381
• Travel-In-State	382
• Travel-Out-of-Sate	383
• Food Service Purchased Service	393



Financial Management in the National School Lunch Program

Accounting Code for Expenditures (Continued)

Materials & Supplies

• Food	461
• Food Service Supplies	463
• Food Processing Supplies	464
• Other Food Supplies	469
• Office Supplies	471
• Other General Supplies	479

Non-Capitalized Equipment (Less than \$5,000)

• Furniture & Fixtures	492
• Non-Instructional Equipment	493
• Computer Hardware	495
• Other Equipment	499

Capital Outlay – Equipment (\$5,000 and >)

• Furniture & Fixtures	541
• Non-Instructional Equipment	545
• Computer Hardware	589
• Other Equipment	699

Other Fund Uses

• Indirect Costs	910
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Financial Management in the National School Lunch Program

COST CENTER

The code for each Cost Center is determined by the School System. You should check with the person responsible in your system to obtain the information for your school system.

For example, each school and the Food Service central office is given a different number. The central office may be 0010, one high school may be 0031, another 0032, and the elementary school 0040.

PROGRAM CODE: USE PROGRAM CODE 8420 FOR ALL CNP TRANSACTIONS!

All CNP transactions should be recorded to each school cost center. At a minimum, entries in a CNP central office cost center should be distributed in an equitable manner to each school cafeteria cost center on a quarterly basis.

Refer to the guidance reflected in the accounting manual, the Financial Planning, Budgeting and Reporting System for Alabama Public Schools. The accounting manual and all changes can be found on the SDE website.

Financial Management in the National School Lunch Program

Appropriation Year

The appropriation year is used to route activities to specific funding years.

Current Year	0
LEA Carryover	1
July-September (Federal)	2
Prior Year State Encumbrances	9



Financial Management in the National School Lunch Program



- All CNP transactions MUST be posted to a Cost Center.
- All Central Office expenditures must be allocated and posted to each school - do not maintain a CNP Central Office Cost Center permanently.
- A la carte must be posted separately from Daily Sales Lunch and Breakfast.
 - A la carte consists of adult meals and all items that are priced and sold separate from the reimbursable meals.



Financial Management in the National School Lunch Program

State Mandated Accounting System

CNP Directors should request accounting printouts on a monthly basis so that they can more effectively manage the Program. CNP Directors need reports by Funding Source and by Cost Center to analyze the Program overall operation and on a school-by-school basis.

Computerized printouts from the school system's central accounting system are the official and required records describing the financial status of the CNP. Some printouts are available only on a fiscal-year basis (Oct.-Sept.). However, there are some printouts available on a school-year basis (July-June). The printouts should be reviewed for the CNP Fund as a whole, as well as by cost centers (each school/site), if available.

Good financial management requires that the CNP director learn to read and interpret the information on the financial summary reports. Some reports from the school system will be more helpful than others.

Financial Management in the National School Lunch Program

The most useful printouts for the CNP include:

- **General Ledger Snapshot Analysis Report** - a useful tool to see how the total CNP program is operating for the year-to-date. It reflects totals for cash, revenues, expenditures, and results of operation.
- **Journal Summary Balance Sheet** - reflects assets, liabilities, and fund equity (cash, payables, encumbrances, fund balance) at a specific point in time.
- **Journal Summary Operations Report** - reflects all revenues (by type), all expenditures (by object code), and results of operation (activity) for current month and year-to-date.

Other types of printouts are available depending on your needs. Some examples include: Journal Summary Revenue Report and Journal Summary Expenditure Report. These reports also contain the status of the budgeted amount.

The titles used above are from McAleer software. If your school system has other software programs, the printouts may not be titled the same as the examples described, but the information presented is the same.

Financial Management in the National School Lunch Program

Financial Statements

Accounting Printouts – Trial Balance

RUN DATE:
 RUN TIME:
 02:59: PM

MCAI BUDGETARY ACCOUNTING SYSTEM
 JOURNAL SUMMARY TRIAL BALANCE REPORT

GLTBAL

COOLSVILLE CITY BOARD OF EDUCATION
 FISCAL PERIOD/YEAR: 0/2008 THRU 6 /2008

CCTR: 0020 SCOOPY DOO MIDDLE SCHOOL
Fd-C-Func-Obj-CCTR-SFnd-Y-Prog-Spec

	<u>DESC</u>	<u>ASN</u>	<u>TYPE</u>	<u>DEBIT</u>	<u>CREDIT</u>
12-1-0111-000-0020-5101-0-0000-0000	CASH IN BANK (OPERATING ACCT)	103110	D	81,692.00	0.00
12-1-0115-000-0020-5101-0-0000-0000	CHANGE CASH	103183	D	100.00	0.00
12-1-0118-000-0020-5101-0-0000-0000	CASH SHORT OR (OVER)	103257	D	49.17	0.00
12-1-0121-000-0020-5101-0-0000-0000	INVESTMENTS (CURRENT)	103332	D	28,346.62	0.00
12-2-0251-000-0020-5101-0-0000-0000	ACCOUNTS PAYABLE	202252	C	4.00	0.00
12-2-0271-000-0020-5101-0-0000-0000	DEFERRED REVENUE	203037	C	520.71	0.00
12-4-5110-000-0020-5101-0-0000-0000	SCHL LUNCH PROGRAM-SECTION 11	402248	C	0.00	139,248.50
12-4-5130-000-0020-5101-0-0000-0000	SCHOOL BREAKFAST PROGRAM	402318	C	0.00	22,068.68
12-4-5135-000-0020-5101-0-0000-0000	SEVERE NEED BREAKFAST (SN)	404930	C	0.00	3,971.87
12-4-8710-000-0020-5101-0-0000-0000	DAILY SALES- LUNCH	402387	C	0.00	46,000.05
12-4-8720-000-0020-5101-0-0000-0000	DAILY SALES - BREAKFAST	402450	C	0.00	1,815.20

Financial Management in the National School Lunch Program

Financial Statements

Accounting Printouts – Operations Report

RUN DATE: 5/4/2008
 RUN TIME: 12:30: PM

MCAI BUDGETARY ACCOUNTING SYSTEM
 JOURNAL SUMMARY OPERATIONS REPORT

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COOLSVILLE CITY BOARD OF EDUCATION
 FISCAL YEAR / PERIOD: 2006/06

GLJRPT

Fd-C-Func-Obj-CCTR-SFnd-Y-Prog-Spec DESCRIPTION CCTR 0000	*** CURRENT YEAR *** MONTH	YTD	*** PRIOR YEAR *** MONTH	YTD
*** REVENUES				
12-4-8790-000-0000-5101-0-0000-0000 OTHER FOOD SERVICE INCOME	0.00	0.00	54,394.10	54,394.10
12-4-8810-000-0000-5101-0-0000-0000 INTEREST-CNP	12,373.08	75,845.84	17,845.24	64,199.44
12-4-8993-000-0000-5101-0-0000-0000 OTHER REVENUE - REBATES	57,147.22	162,401.27	211,489.55	491,844.17
12-4-9210-000-0000-5101-0-0000-0034 INTERFUND OPERAT TRANSFERS IN	930,903.36	5,466,854.85	785,751.71	4,729,126.26
12-4-9320-000-0000-5101-0-0000-1205 INSURANCE LOSS RECOV, CNP-FOOD & NUTRITION	0.00	0.00	0.00	49,898.34
<u>Class 4</u> SUBTOTAL	1,000,423.66	5,705,101.96	1,069,480.60	5,389,462.31
CCTR 0000 SUBTOTAL	1,000,423.66	5,705,101.96	1,069,480.60	5,389,462.31

Financial Management in the National School Lunch Program

Financial Statements

Accounting Printouts – Journal Summary Revenue

RUN DATE:
05/04/2006
RUN TIME:
12:34: PM

MCAI BUDGETARY ACCOUNTING SYSTEM

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JOURNAL SUMMARY REVENUE REPORT

GLJSRR

COOLSVILLE CITY BOARD OF EDUCATION
THRU FISCAL YEAR / PERIOD: 2006/06

DESCRIPTION/ <u>Fd-C-Func-Obj-CCtr-SFnd-Y-Prog-Spec</u>	2006 <u>TOTAL BUDGET</u>	2006 <u>YTD BUDGET</u>	2006 <u>YTD ACTUAL</u>	<u>% OF BUDGET</u>	<u>VARIANCE</u>	2006 <u>MTD ACTUAL</u>
INTEREST-CNP 12-4-8810-000-0000-5101-0-0000-0000	0.00	0.00	75,845.84	0.00	-75,845.84	12,373.08
OTHER REVENUE - REBATES 12-4-8993-000-0000-5101-0-0000-0000	0.00	0.00	162,401.27	0.00	-162,401.27	57,147.22
INTERFUND OPERAT TRANSFERS IN 12-4-8210-000-0000-5101-0-0000-0034	4,592,504.00	2,296,254.00	5,466,854.85	119.04	-874,350.85	930,903.36

Financial Management in the National School Lunch Program

Financial Statements

Accounting Printouts – Journal Summary Expenditure Report

MCAI BUDGETARY ACCOUNTING SYSTEM

RUN DATE: 5/4/2008
 RUN TIME: 12:37: PM

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JOURNAL SUMMARY EXPENDITURE REPORT

GLJSER

COOLSVILLE CITY BOARD OF EDUCATION

THRU FISCAL YEAR / PERIOD: 2008/08

CCTR: 0020 SCOOPY DOO MIDDLE SCHOOL

DESCRIPTION

Fd-C-Func-Obj-CCTR-SFnd-Y-Prog-Spec

	2008	2008	2008			2008		
	<u>TOTAL BUD</u>	<u>YTD ACTUAL</u>	<u>YTD ENCUMB</u>	<u>% OF BUDGET</u>	<u>VARIANCE</u>	<u>REQUISITIONS</u>	<u>MTD ACTUAL</u>	
BUILDING SERVICES-GARBAGE AND WASTE 12-5-3200-348-0020-5101-0-8320-0000		0.00	0.00		0.00	0.00	0.00	0.00
BUILDING SERVICES-GARBAGE AND WASTE 12-5-3200-348-0020-5101-0-8420-0000		0.00	719.80		0.00	0.00	-719.80	101.20
BUILDING SERVICES-NATURAL GAS 12-5-3200-373-0020-5101-0-8420-0000		0.00	5,381.54		0.00	0.00	-5,381.54	2,397.28
CHILD NUTRITION-MANAGER/ASSISTANT 12-5-4210-115-0020-5101-0-8420-0000		19,598.00	9,924.64		0.00	50.64	9,673.36	1,649.92
CHILD NUTRITION-MANAGER/ASSISTANT 12-5-4210-115-0020-5101-8-8420-0000		0.00	0.00		0.00	0.00	0.00	0.00
CHILD NUTRITION-OTHER ADMINISTRATIVE 12-5-4210-119-0020-5101-0-8420-0000		0.00	0.00		0.00	0.00	0.00	0.00
CHILD NUTRITION-COOK/BAKER 12-5-4210-172-0020-5101-0-8420-0000		111,964.00	53,941.73		0.00	48.18	58,022.27	8,040.32
CHILD NUTRITION-SUBSTITUTES 12-5-4210-180-0020-5101-0-8420-0000		0.00	3,772.26		0.00	0.00	-3,772.26	1,326.00
CHILD NUTRITION-SUBSTITUTES 12-5-4210-190-0020-5101-0-8420-0000		0.00	0.00		0.00	0.00	0.00	0.00

Financial Management in the National School Lunch Program

Financial Statements

Accounting Printouts – Budget Analysis Report

RUN DATE:
5/4/2008
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MCAI BUDGETARY ACCOUNTING SYSTEM
BUDGET ANALYSIS REPORT

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GLBARP

COOLSVILLE CITY BOARD OF EDUCATION
THRU FISCAL YEAR-PERIOD-MONTH: 2006-6-March

DESCRIPTION	2005	2005	2006	2006	2006	2006	% OF		
<u>Fd-C-Func-Obj-CCtr-SFnd-Y-Prog-Spec</u>		<u>BUDGET</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>YTD ACT</u>	<u>YTD ENC</u>	<u>BUD</u>	<u>VAR</u>	
CCTR: 0020 SCOOPY DOO MIDDLE SCHOOL *** REVENUES *** SCHL LUNCH PROGRAM-SECTION 11 12-4-5110-000-0020-5101-0-0000-0000	213,969.00	237,889.74	225,348.00	139,248.50	0.00	61.79	86,099.50		
SCHOOL BREAKFAST PROGRAM 12-4-5130-000-0020-5101-0-0000-0000	0.00	31,787.90	0.00	22,066.66	0.00	0.00	-22,066.66		
SEVERE NEED BREAKFAST (SN) 12-4-5135-000-0020-5101-0-0000-0000	43,663.00	5,852.12	47,809.00	3,971.87	0.00	8.31	43,837.13		
FOOD DONATION PROGRAM 12-4-5160-000-0020-5101-0-0000-0000	19,910.00	23,192.08	19,910.00	0.00	0.00	0.00	19,910.00		
DAILY SALES- LUNCH 12-4-6710-000-0020-5101-0-0000-0000	36,323.00	41,796.16	38,485.00	46,000.05	0.00	119.53	-7,515.05		
DAILY SALES- ON ACCO, CNP-FOOD & NUTRITION 12-4-6711-000-0020-5101-0-0000-0000	0.00	1,020.60	0.00	0.00	0.00	0.00	0.00		
DAILY SALES - BREAKFAST 12-4-6720-000-0020-5101-0-0000-0000	1,560.00	1,334.37	1,325.00	1,815.20	0.00	137.00	-490.20		
DAILY SALES - A LA CARTE 12-4-6730-000-0020-5101-0-0000-0000	66,478.00	61,731.01	70,973.00	17,797.65	0.00	25.08	53,175.35		
OTHER FOOD SERVICE INCOME 12-4-6790-000-0020-5101-0-0000-0000	5.00	924.70	0.00	11.16	0.00	0.00	-11.16		
INTEREST 12-4-6810-000-0020-5101-0-0000-0000	1,193.00	3,683.44	86.00	52.82	0.00	61.42	33.18		

Financial Management in the National School Lunch Program

Examine financial reports to answer the following questions.

- What is the Cash Shortage per cost center?
- What is the amount of revenue earned per cost center from USDA Reimbursement for School Lunch?
- What object of expenditure code did the cost centers use for Federal Medicare?
- How much total rebate did the system receive?
- What is the total Labor Cost for the system?
- What is the amount of Pass Thru received per cost center during the month?
- Is the system operating in the “red” or in the “black”?
- Which schools are operating efficiently?
- Which costs are too high?
- Which schools have too much labor?
- What improvements can be made?

Financial Management in the National School Lunch Program

Successful financial management of school foodservice operation requires careful review and analysis of financial data. For financial data to be purposeful and useful, it must be *understandable, reliable, relevant, and timely*. Understanding and monitoring financial data can help directors and managers determine the profitability and efficiency of a school foodservice operation and identify areas for improvement. The relationship between available revenue and program costs must be evaluated on a regular basis. Programs are expected to be self sufficient. This requires increased accountability.



Financial Management in the National School Lunch Program

Meals per Labor Hour

- The Meals Per Labor Hour equals the average number of meals served per labor hour in a school system.
- Meals Per labor hour is calculated by dividing the Annual Meal Equivalents Served by Total Meal Service Labor Hours.
- The Total Meal Service Labor Hours are obtained from pass-thru worksheet (Total Cafeteria Staff Labor Hours). Contract labor hours must be included in the reported Total Cafeteria Staff Labor Hours.
- The school food authority should verify that the data reported is accurate.
- If the number of meals per labor hour is below 16 or greater than 19, verify the Total Cafeteria Staff Labor Hours was reported correctly.

Financial Management in the National School Lunch Program

Meals per Labor Hour

For all per meal calculations and for Meals Per Labor Hour, we must determine **Meal Equivalents**.

Meal Equivalents

<i>1 Lunch</i>	<i>=</i>	<i>1 meal equivalent</i>
<i>3 Breakfasts</i>	<i>=</i>	<i>2 meal equivalent</i>
<i>3 Snacks</i>	<i>=</i>	<i>1 meal equivalent</i>
<i>All a la carte/\$3.00</i>	<i>=</i>	<i>1 meal equivalent</i>

**It is critical that the system correctly record any a la carte items as it will affect the number of meal equivalents measured for each school and for the program as a whole!*

A la carte includes:

- All Adult Meals*
- All Student a la carte*
- All vended, catered, and special functions*
- (Any sale of food other than a student reimbursable meal.)*

Financial Management in the National School Lunch Program

Meals per Labor Hour

To determine the productivity rate (or the meals per labor hour produced by an existing staff), use the following formula:

$$\frac{\text{Output (MEQ)}}{\text{Input (Number of Labor Hours)}} = \text{Productivity Rate (MPLH)}$$

Annual Meal Equivalents Served	7,826,315
Total Meal Service Labor Hours (Cafeteria Staff)	444,444
Total Meals per Labor Hour	17.61

Annual Meal Equivalents Served	7,826,315
Total Meal Service Labor Hours (Cafeteria Staff)	444,444
Total Meal Service Labor Hours (Contract Labor)	120,000
Total Meals per Labor Hour	13.87

Financial Management in the National School Lunch Program

Revenue from Nonprogram Foods

Food and Nutrition Service (FNS) defines “nonprogram foods” as those foods and beverages sold in a participating school other than reimbursable meals and meal supplements that are purchased using funds from the nonprofit school food service account.

Nonprogram foods include:

- A la carte items
- Adult meals

They also include items purchased with nonprofit school food service account funds such as:

- Vending machines
- School stores
- Catered meals
- Vended meals

Financial Management in the National School Lunch Program

Revenue from Nonprogram Foods

$$\frac{\text{Nonprogram food revenue}}{\text{Total program + nonprogram revenue}} \geq \frac{\text{Total nonprogram food cost}}{\text{Total program + nonprogram food cost}}$$

It is important to ensure that the revenues from the sale of nonprogram foods generate at least the same proportion of School Food Authority (SFA) revenues as expenses from the purchase of nonprogram foods contribute to the SFA's food costs.

Financial Management in the National School Lunch Program

Local Policies

Charge Meal Policy

Uncollected charged meals are in actuality bad debts. If a system elects to permit charged meals, it is required that a policy addressing the charged meals must be implemented. Uncollected charged meals are not an allowable expenditure for the Child Nutrition Fund. If a system or local school elects to permit charges, then a nonpublic fund source must be established to cover any uncollected charges

Worthless Checks

The face value of a check returned for insufficient funds (NSF) may not be absorbed as a cost by state, federal or public local funds. An uncollected check is considered a bad debt. Bad debts are not an allowable expenditure for any state, federal or public local funds. Therefore, each system must ensure that a policy is established and implemented to properly address this issue. The policy established system-wide must be enforced in each local school.

Financial Management in the National School Lunch Program

Pass Thru Required Transfer CNP

Pass-Thru Transfers

- Use worksheet provided each year with Budget Instructions
- Prepare a worksheet using payroll data for the current year
- Keep worksheet and documentation and bring forward every year
- Document how information was obtained for formula
- Used for CNP to complete annual labor costs for Financial Profile
- Must include contract employees and permanent substitutes

Pass-Thru can only be withheld

- Approval must be requested
- Cannot withhold more pass-thru than calculated

Financial Management in the National School Lunch Program

Paid Lunch Equity

Each School Food Authority must evaluate the prices charged for paid lunches in relation to the federal paid and free reimbursement rates.

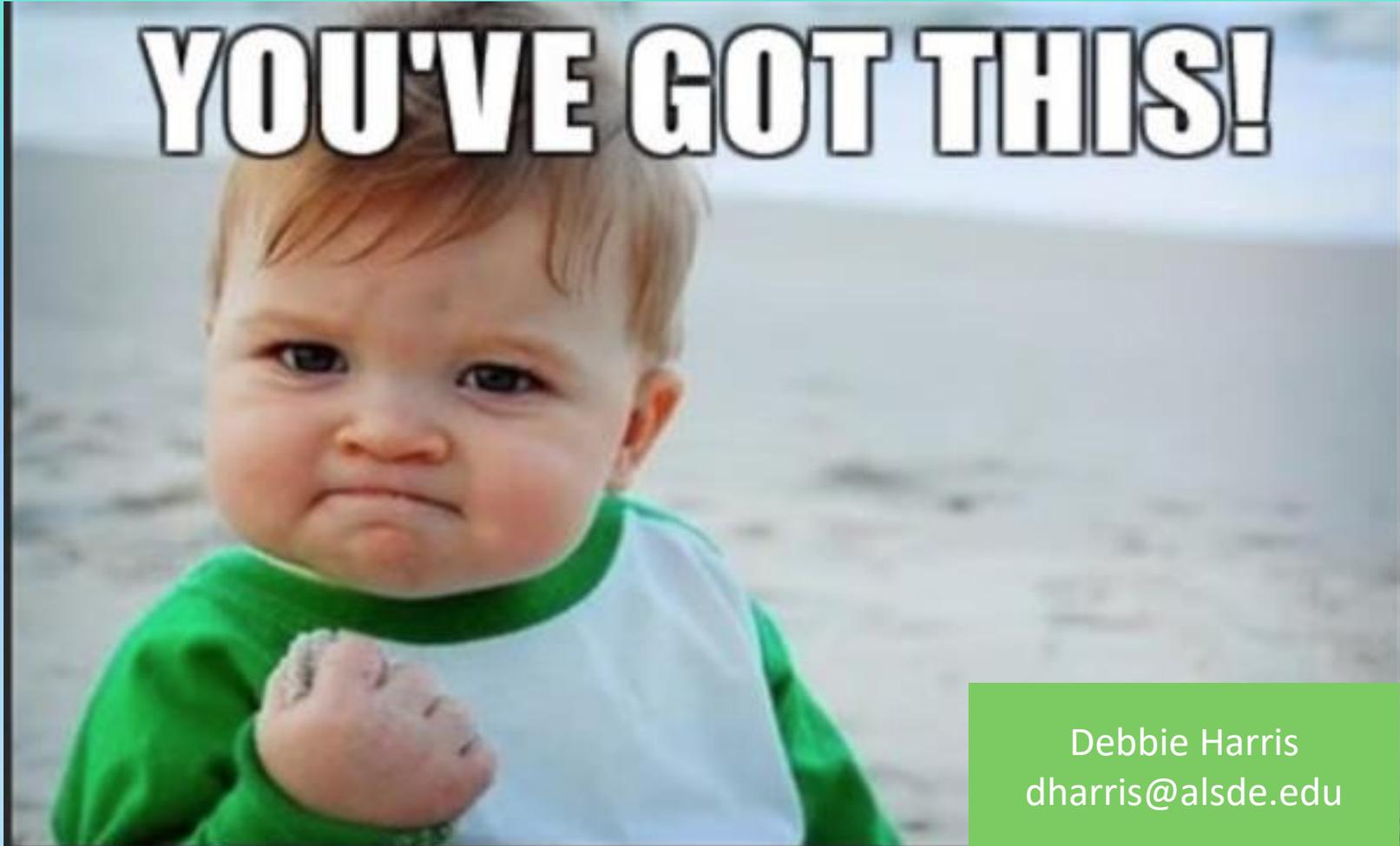
To do this the SFA must determine:

- the weighted minimum average paid lunch price charged for paid lunches in the previous school year
- the difference between the free lunch per meal reimbursement rate and the paid lunch per meal reimbursement rate in effect for the previous school year; this is also called the “reimbursement difference”

*If an SFA’s weighted minimum average paid lunch price is equal to or greater than the reimbursement difference, the SFA is not required to make any adjustments in lunch prices.

** If an SFA’s weighted minimum average paid lunch price is less than the reimbursement difference, the SFA must increase prices for paid lunches or add financial support from non-federal sources to the school food service account.

YOU'VE GOT THIS!



Debbie Harris
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