



STATE OF MICHIGAN  
DEPARTMENT OF EDUCATION  
LANSING



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GOVERNOR

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SUPERINTENDENT OF  
PUBLIC INSTRUCTION

July 1, 2010

**MEMORANDUM**

TO: Intermediate/Local School District Superintendents and Public School Academy Administrators

FROM: Carol Wolenberg, Deputy Superintendent *Carol*

SUBJECT: School Meals Year End Report and Financial information Database (FID)

As indicated in my June 10, 2010 correspondence, Michigan public school districts will no longer be required to submit a separate School Meals Program Year End Report beginning in fiscal year 2009-10. The data formerly collected in this report will be gleaned from the district's annual comprehensive financial report (FID) submitted through the Center for Education Performance and Information (CEPI). Utilizing the FID for collecting the data eliminates redundant financial reporting. However, it necessitates that a district's school meals program office and business office work together to assure that the district reported financial information is complete and accurate as it relates to the various school meals programs the district operates. For the fiscal year beginning 2009-10, the Michigan Department of Education (MDE) will use the FID reported data to calculate the state's obligation under Section 31 for the school breakfast and lunch.

As in the past, allocations of food, food preparation, purchased service, supplies, and equipment costs will need to be performed annually to assure that the program costs per meal are reasonable, consistent and accurate. We would encourage districts to work with school district auditors to determine acceptable allocation methods for calculating reasonable program costs. Once the costs attributable to each school meal program have been determined for a given fiscal year, district staff will need to prepare journal entries to move expenditures into the appropriate state code within the district's internal accounting system. Those 2009-10 journal entries should be made within the next month. This will make the data available for the annual FID data collection process that begins in August each year.

We would anticipate that districts will report costs under the appropriate state code for each school meal program it operates. There will be no separate expenditure reporting required for the state portion of breakfast or lunch programs. We understand that the costs for those will be recorded in the National School Breakfast (8500) or National School Lunch (8510) state codes. There is no standard state code for ala carte or catering programs. The district may either leave the expenditure state code as "0000" for those programs or may assign a code in the "9xxx" range.

A district may charge up to its MDE approved unrestricted indirect cost rate on each of the programs. The approved indirect cost rates along with instructions for utilizing them may be found at: [http://www.michigan.gov/mde/0,1607,7-140-6530\\_6605-118785--,00.html](http://www.michigan.gov/mde/0,1607,7-140-6530_6605-118785--,00.html)  
Intermediate/Local School District Superintendents and Public School Academy Administrators

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For 2009-10 school meal program expenditures, the district would use the 2009-10 unrestricted indirect cost rate. The accounting method for recording indirect costs to a program may be found in the *Michigan Public School Accounting Manual, Section II, E.03 Accounting for the Recovery of Indirect Costs*. That manual is available at the following url:

[http://www.michigan.gov/mde/0,1607,7-140-6530\\_6605-21321--,00.html](http://www.michigan.gov/mde/0,1607,7-140-6530_6605-21321--,00.html)

A district may choose to either bill directly for business office, operations and maintenance, and other central office expenditures within the School Meals Fund; **or** charge the MDE approved indirect rate created based on the district's previous year FID submission.

Costs related to lunch room monitors allowable for school meal program cost calculations should be included as direct charges under function code "219-Other Pupil Support" and the appropriate state code within the School Meals Fund (25).

The former School Meals Program Year End Report required districts to indicate depreciation expense related to school meal equipment. Depreciation will now only be reported to MDE at the district wide level in the FID Capital Asset Accounts. We encourage district administrators to follow generally accepted accounting practices to determine an appropriate depreciation schedule for capital assets.

Questions related to the calculation of the school district's state supplemental funding for lunch and breakfast may be directed to (517) 373-8642 or [MDE-FMFD@michigan.gov](mailto:MDE-FMFD@michigan.gov)

Questions related to the Michigan Public School Accounting Manual and account codes may be directed to Glenda Rader at (517) 335-0524 or [raderg@michigan.gov](mailto:raderg@michigan.gov).

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