



STATE OF MICHIGAN  
DEPARTMENT OF EDUCATION  
LANSING



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**MEMORANDUM**

**TO:** School District Superintendents

**FROM:** Kathleen A. Weller, CPA *Kathy*  
Director, Office of Audits

**SUBJECT:** Guidance on Reporting Commodities

**DATE:** July 6, 2006

**Please share this guidance with your business manager and your food service director.**

The purpose of this letter is to give additional guidance on reporting USDA Entitlement and Bonus Commodities for accounting and auditing purposes. As you know, your district was affected by a court decision transferring your food commodities from the food consortium back to Northern Warehousing, Inc. Those districts that have ordered commodities from Northern Warehousing in May and June 2006 will need to merge two Planned Assistance Level (PAL) Reports – one from the food consortium and one from the Michigan Department of Education Food Distribution website for the 2005/2006 school year. The total of the entitlement commodities from the consortium PAL (located on the consortium website) and the Northern Warehousing PAL (located on the MDE Food Distribution website) should be added together and reported on the audited financial statements, Financial Information Database (FID), and as receipts and expenditures on the single audit (if necessary). The same formula should be used for Bonus Commodities. Remember, this procedure is only for districts that ordered commodities from Northern Warehousing in the months of May and June 2006.

To determine if your district has requested all of the food commodities that it is eligible (entitled) to receive, the district must take the beginning entitlement (prior school year [2004/2005] meal count times rate of \$0.175) less the distribution from the consortium and then less the distribution from Northern Warehousing, Inc. The difference is the value of "unrequested" commodity dollars.

Due to the lag time in posting entries from some processors, please wait until after July 15, 2006, to pull your food consortium PAL Reports from the consortium website.

If there are any questions or concerns regarding your audit, please contact Roxanne Nicholas at (517) 373-4591 or by e-mail at [nicholasrr@michigan.gov](mailto:nicholasrr@michigan.gov). If there are questions or concerns regarding your food commodities, please contact Jayme Priest at (517) 335-3792 or by e-mail at [priestj@michigan.gov](mailto:priestj@michigan.gov). Thank you.

c: CPA Firms

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