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DEPARTMENT OF EDUCATION
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**FISCAL YEAR 2005
CHILD AND ADULT CARE FOOD PROGRAM
OPERATIONAL MEMO #34**

TO: Child and Adult Care Food Program Institutions

FROM: Mary Ann Chartrand, Director
Grants Coordination and School Support

DATE: August 23, 2005

SUBJECT: **New Procedure for Monthly Claim for Reimbursement**

All institutions that participate in the Child and Adult Care Food Program (CACFP) are required to operate a Non-Profit Food Service Program and maintain records documenting all costs in the operation of that food service. Independent centers, sponsors of day care homes, and sponsors of centers must meet this requirement. Each institution shall submit the actual costs that are incurred regardless if funded with CACFP funds, to be in compliance with the requirements highlighted in the FNS Instruction 796-2 Revision 3.

The CACFP monthly online claim for reimbursement has been revised to identify all allowable expenses and revenues for a non-profit food service. This new information will be required beginning with the October 2005 claim. The claim is accessed at the same web site at <https://mdoe.state.mi.us/cclaim/>. There are now two new categories displayed for Food Service Expenses: food service equipment and other food service expenses. Food Service Revenue is a more detailed section. Food service revenue includes CACFP reimbursements, child and adult meal payments, other food service income/grants (i.e., income or grants from other agencies used for food service such as if/when Head Start pays the administration costs for food service, etc.), and other income sources/grants (i.e., meal sales to other organizations, donations, income, or grants from other agencies, and income interest).

The attached Monthly Revenue/Expense Worksheet is an aid to completing the online claim. Explicit instructions have been included to help you fill out this report. Keep this Worksheet in your institution's monthly files where your records will substantiate the figures. When a program review of your institution is conducted, the documentation will be reviewed for accuracy. If your records do not substantiate the claims, the institution may be declared seriously deficient for failure to maintain adequate records [7CFR 226.6 (c)(3)(ii)(F)].

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Food program costs must be actual, allowable, necessary and reasonable, and related specifically to food service. At a minimum, institutions must have an accounting system that separates food service program costs and revenues from costs and revenues of other programs. The Michigan Department of Education (MDE) will monitor the documentation substantiating all monthly claims for reimbursement.

Institutions shall limit their nonprofit food service balance to an amount that does not exceed three months average expenditures for its nonprofit food service operation. The online claim will calculate this figure for you. Should your institution exceed the three month average at the end of the fiscal year (it will be flagged in pink on the report accessed from the tool bar on the main page of the claim), the excess balance must only be used to expand or improve the food service operations. MDE will monitor the account and if the balance is excessive, will request your corrective action plan stating how you will expand or improve your food service operation by December 1, 2006.

If you have questions, please contact the CACFP at (517) 373-7391.

Attachments

Monthly Revenue/Expense Worksheet Instructions
Monthly Revenue/Expense Worksheet

Michigan Department of Education
Child and Adult Care Food Program

Monthly Revenue/Expense Worksheet Instructions

Institutions are required to maintain a nonprofit food service account. This worksheet, completed monthly, is an aid for completing that portion of the online monthly claim for reimbursement.

All categories listed below correspond to entries on the monthly claim for reimbursement. Fill in each revenue and expense line item according to the definitions below.

I. Food Service Revenue:

- A. Children's payments for food only – Payments received during the month from households to support the cost of meals. If families are not charged separately for meals, enter \$0 on this line. Enter whole numbers only.
- B. Adult payments for food only – Payments received during the month from staff or other adults to support the cost of meals. Enter whole numbers only.
- C. CACFP Reimbursement – The CACFP federal reimbursement received during the month from the State agency for meals served. This will be filled automatically.
- D. Other Food Service Income – Any other income received during the month to support food service operations such as interest income, depreciation, cash donations, etc. Enter whole numbers only.
- E. Other Income Sources/Grants – Any other income sources or grants received to support food service operations such as funds from Head Start.
- F. Total is calculated automatically.

II. Food Service Expenses:

- A. Food service salaries/benefits – The amount paid during the month to food service personnel. If meals are contracted, there may not be an amount on this line. Enter whole numbers only.
- B. Administrative salaries/benefits – The portion of administrative salaries that were charged during the month to the food service account ONLY. Enter whole numbers only.

- C. Non-food costs for food service – Report the cost of non-food supplies purchased or used during the month, plus the cost of distributing, transporting, or storing non-food supplies. Nonfood supplies include equipment (under \$5000), paper goods (such as napkins and plates) and cleaning supplies used directly for the food service operation. Enter whole numbers only.
 - D. Food or vended meals – The cost of food purchased during the month for meals and snacks served in the food service program. Enter whole numbers only.
 - E. Food service equipment – The cost of equipment (over \$5000) purchased during the month for use in the food service program. Enter whole numbers only.
 - F. Indirect costs – The monthly CACFP portion of utility bills, rent, garbage removal, etc. Enter whole numbers only.
 - G. Other food service expenses – Any other expenses that were incurred during the month in the operation of the food service program. Enter whole numbers only.
 - H. Total is automatically calculated.
- III. **Ending Balance in the Food Service Account** – The Balance in the food service account at the end of the month. This is calculated automatically.

Ending Balance = Beginning Balance + Food Service Revenue – All Expenses

Michigan Department of Education
Child and Adult Care Food Program
 Monthly Revenue/Expense Worksheet

Month: _____

I	Food Service Revenue	
	A. Children's payments for food only	
	B. Adult payments for food only	
	C. CACFP Reimbursement for meals served *	
	D. Other food service income/grants	
	E. Other income sources/grants	
	F. TOTAL FOOD SERVICE REVENUE *	
II	Food Service Expenses	
	A. Food service salaries/benefits	
	B. Administrative salaries/benefits	
	C. Non-food costs for food service	
	D. Food or vended meals	
	E. Food service equipment	
	F. Indirect costs	
	G. Other food service expenses	
	H. TOTAL FOOD SERVICE EXPENSES *	
III	Ending Balance in the Food Service Account	

3 Month Operating Balance: \$_____ *

(Total food service expenses divided by # months claimed multiplied by 3 = 3 Month Operating Balance)

* Automatically calculated online