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**FISCAL YEAR 2006
CHILD AND ADULT CARE FOOD PROGRAM
OPERATIONAL MEMO #8**

TO: Child and Adult Care Food Program Institutions

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

DATE: December 5, 2005

SUBJECT: Clarification on the New CACFP Claim Procedure

The FY 2006 Child and Adult Care Food Program (CACFP) monthly online claim for reimbursement has been revised and now requires all allowable expenses and revenues to be reported monthly. All institutions that participate in the CACFP are required to operate a Non-Profit Food Service Program, and maintain records documenting all food service costs for programs participating in the CACFP paid for by CACFP reimbursement.

Food Service Operation Expenses

This category contains six line items that reflect the total costs for the food program. You must enter a cost for each of the first five (5) line items (depreciation is the only line item you may not need to use). Documentation must be kept for all food service costs covered by CACFP reimbursement.

- 1. Administrative:** Report the total monthly cost of the portion of time spent on the food service operation by the administrator, bookkeeper, secretary, and any other personnel directly involved at the administrative level. Include the cost of office supplies and travel applicable to the CACFP.

Include food service administrative costs of employees covered by other funding sources, such as Head Start. Do not include costs for any volunteers.

- 1a.** (For Sponsors only: Institutions with more than one site)
CACFP Administrative: Report the monthly CACFP portion of the administrative costs. This amount will be equal to or less than the total food service administrative costs.

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If you use CACFP reimbursement for administrative expense and have not reported this on the October or November claims, you must amend those claims by December 16, 2005.

Administrative cost for sponsors paid by the CACFP is limited to 15% of the amount of reimbursement.

Unless administrative costs are covered by another funding source, such as Head Start or tuition, time claimed as CACFP administrative expense must be documented each month by a Time and Attendance/Time Distribution form for each employee and retained in your files. Copies of wage payments and the employee handbook (compensation plan) must also be on file.

- 2. Direct Labor:** Report the monthly cost of labor directly involved in the preparation and serving of meals and/or snacks, including supervision of children during meal service (cooks, helpers, teachers, aides, etc.).

Include food service labor costs of employees covered by other funding sources, such as Head Start. Do not include costs for volunteers.

Unless direct labor costs are covered by another funding source, such as Head Start or tuition, time must be documented each month by a Time and Attendance/Time Distribution form for each employee and retained in your files. Copies of wage payments and the employee handbook (compensation plan) must also be on file.

- 3. Food:** Report the monthly cost of food purchased (for CACFP) plus any costs of processing, distributing, transporting, storing, or handling food. Include costs associated with meals obtained from food service management companies or schools.

All food costs must be documented by receipts.

- 4. Non-Food:** Report the monthly cost of paper goods, cleaning products, equipment and replacement parts, and repairs for any item having a life expectancy of more than one year and a cost of less than \$5,000 used in the operation of the CACFP. See Allowable and Non-Allowable Costs handout.

Unless non-food costs are covered by another funding source, such as Head Start or tuition, itemized receipts must be on file.

- 5. Indirect:** Report monthly pro-rated cost of utilities, janitorial services, trash removal, building and equipment use allowance, central accounting staff, and receptionist salaries.

The Child Nutrition Application Program (CNAP) contains an Excel interactive worksheet that will calculate indirect expenses for you. It is located under "Other Forms and Information."

Unless indirect costs are covered by another funding source, such as Head Start or tuition, documentation for calculations used to determine the indirect costs must be on file, along with supporting cost documentation.

- 6. Depreciation:** Report monthly pro-rated depreciation for non-expendable food service equipment (with a value of more than \$5,000). Document all calculations used to determine depreciation and maintain on file including the depreciation schedule. Many institutions will not have depreciation.

Food Service Revenue:

This category contains three line items. You must report all income, other than CACFP reimbursement, received to support the food program on the 'Other Food Service Revenue' line item. If you do not report this income, the claim cannot be certified.

- 1. Children's Payments:** If you charge families a separate fee for meals, report these payments. (DO NOT enter funds received from the Department of Human Services for child care.)
- 2. Adult Payments:** If you charge staff or other adults for meals, report these payments.
- 3. Other Food Service Revenue:** If you know the amount of food service expense covered by other funding sources, enter that amount.

If you do not know the amount covered by other funding sources, enter the difference between net expense and CACFP meal value. Net expense is the total expense minus child and adult payments minus the value of unclaimed meals. If CACFP meal value is more than net expense, call the CACFP office.

Calculate your reimbursement amount each month using the Excel interactive Reimbursement Calculation Worksheet found in the Child Nutrition Application Program (CNAP) under "Other Forms and Information."

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All expenses above the amount of your CACFP reimbursement, children's payments, and adult payments are paid from other sources. The total paid by all other sources must be reported under 'Other Food Service Revenue.'

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

Please keep this memo on file or in a notebook for quick and easy reference.