



ALL ABOUT EXCESS FUND BALANCES

USDA REQUIREMENTS

School Food Authorities (SFAs) must monitor Fund Balance and proactively invest profit to avoid an Excess Fund Balance (EFB) and findings

Invest profit into Food Service Program improvement

EFB occurs when Fund Balance exceeds 3 months average expenditures (Allowable Fund Balance) at year end

MDE assesses Net Cash Resources (Fund Balance) through FID School Meals Report or School Lunch Year End Report (SLYER)

MDE PROCESS



Email notifications sent every January or February for SFAs with an EFB



SFAs are required to fill out an online Spend Down Plan of Action (POA) form



SFAs must seek prior approval of equipment/capital outlay requests

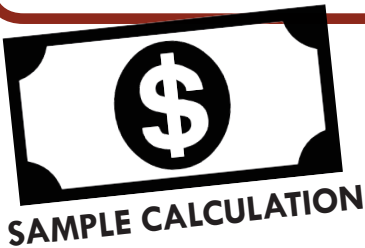


Carryover Extension can be requested for one additional year

Caution...

Important: USDA requires that Federal reimbursements be reduced for SFAs with repeated EFB findings.

Important: Failure to obtain MDE's prior approval of equipment/capital outlay results in an unallowable cost. Unallowable costs must be reimbursed to the Food Service Fund with Non-Federal funds.



SAMPLE CALCULATION

\$500,000

Ending Fund Balance

-\$400,000

Allowable Fund Balance:

(Total Annual Expenditures (w/o Capital Outlay) ÷ 9 Operating Months) X 3 Months

= \$100,000 EFB

SAVE THE DATE!

Must spend excess funds or request carryover extension prior to **June 30th**

ALLOWABLE COSTS

- ✓ Eliminate the Reduced Meal Price
- ✓ Food Service Equipment
- ✓ Kitchen or Serving Line Renovations
- ✓ Cafeteria Renovations (shared cost)
- ✓ Cafe Tables and Chairs (shared cost)
- ✓ Improve Food Quality (quantify)
- ✓ Invest in the Breakfast Program
- ✓ Refresh Smallwares
- ✓ Point of Sale Systems
- ✓ Hire Additional Food Service Staff or Increase Wages (predetermined)
- ✓ Ask MDE about other Allowable Items

UNALLOWABLE COSTS

- × Transferring funds out of the Food Service Fund
- × Costs that Benefit Non-Food Service Programs
- × Land Acquisition
- × Infrastructure Costs
- × Contingency Fees
- × Security Cameras
- × Public Announcement Systems
- × Air Conditioning
- × Ask MDE about other Unallowable Items

THE FINE PRINT

- Net Cash Resources Regulations at 7 CFR 210.14(b) and 7 CFR 210.19 (a)(1)
- MDE Admin Policy #5 SY17/18: Fiscal Requirements for Operating a School Meals Program
- Equipment Regulations at 2 CFR Part 200.407 & 200.439
- MDE Admin Policy #13 SY15/16: Compliance Requirements for Equipment Requests
- This institution is an equal opportunity provider.

CONTACT INFORMATION

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