

Office of Health and Nutrition Services

Financial Information Database School Meals Report Coding and Reporting Tips

School Year 2023-2024

This document is designed to assist School Food Authorities (SFAs) for coding Food Service funding throughout the school year and when completing the Financial Information Database (FID) Schools Meals Report for School Year (SY) 2023-2024. Additional coding can be found in the [School Nutrition Program Codingⁱ](#) resource, which gives accounting/coding for Child Nutrition Programs within Food Service Fund 25. SY 2023-24 can be found on the first tab of the coding chart.

Why should expenditures be allocated correctly? State Supplemental Monies!

Federal reimbursement and state funding must be accounted for separately by grant code within Food Service Fund 25. Use function and suffix codes to record the State portion of the funding for your records making sure they align with the [Public-School Accounting Manualⁱⁱ](#). Districts need to allocate the costs using the correct Grant Codes in their general ledgers and on the FID School Meals Report. All expenditures specific to providing School Breakfast Program (SBP) and National School Lunch Program (NSLP) meals should be broken down between the grant codes below, as applicable:

- School Breakfast Program (850x)
- National School Lunch Program (851X)
- State Supplemental Breakfast 31f (311)
- State Supplemental Lunch 31d (310)
- Michigan School Meals Breakfast 30d (264)
- Michigan School Meals Lunch 30d (265)
- At-Risk 31a (306)
- 10 Cents a Meal for Michigan's Kids and Farms 31j (373)

Coding Recommendation

The Michigan Department of Education (MDE) recommends coding expenditures to match the total amount of revenue received for each state grant code listed above. The remaining costs associated with the SBP and NSLP should be coded to their federal grant codes.

- These expenditures will show up in the Breakfast and Lunch columns of the FID School Meals Report
- Meal counts will pull into the FID School Meals Report to determine a cost per meal
- Costs per meals factor into the State Supplemental Payment Calculations (31d and 31f) based on the district's final FID School Meals Report
- Costs per meal should be reviewed for reasonableness to your operations and compared to previous years before certifying the FID School Meals Report. This can impact State Supplemental Payments if it is not monitored.
- Failure to report accurate and detailed financial information may result in a district's loss of a portion, or all, the state supplemental funding for breakfast and lunch. See the [State School Aid Act- Sections 31a, 31d, and 31f^{fiii}](#) for more information.

Special Grant Coding

Special grants like the Fresh Fruit and Vegetable Program (FFVP), Child and Adult Care Food Program (CACFP), or the NSLP Equipment Assistance Grant should still be coded to their assigned grant codes as well. Coding information can be found in the [School Nutrition Program Coding SY23-24](#), which provides accounting/coding for Child Nutrition Programs within Food Service Fund 25 for the new school year. Historical coding information is included on other tabs.

Food Service Fund and Function Code

The Food Service Fund code is **25**, and Food Service Function code is **297**. Resource information on grant codes and accounting for Food Service Fund 25 can be found in the [Michigan Public School Accounting Manual Appendix-Definitions for Accounting Codes](#).

When operating the National School Lunch Program (NSLP) and School Breakfast Program (SBP) and participating in the Michigan School Meals Lunch and Breakfast 30d program for the 2023-2024 school year, your FID School Meals Report should be reflected as below.

<u>MICHIGAN SCHOOL MEALS</u>	<u>NSLP AND SBP</u>	<u>STATE SUPPLEMENTAL</u>
<ul style="list-style-type: none"> ❖ Michigan School Meals (MSM) 30d state funding will require separate tracking ❖ MSM revenue and expenditures should be coded to the state grant codes appropriately <ul style="list-style-type: none"> ✓ 30d Breakfast (264) ✓ 30d Lunch (265) ❖ Code expenditures to match the total amount of revenue received for MSM breakfast and lunch ❖ The remainder of costs associated with the breakfast and lunch should be coded to their federal grant codes ❖ These expenditures will show up in the Breakfast and Lunch columns of the FID School Meals Report ❖ Report State School Aid Revenues using the proper Major Class Code and Suffix Code Accounting for State School Aid Revenues^{iv} 	<ul style="list-style-type: none"> ❖ Code all breakfast revenue and expenditures to the SBP grant code of 850X (ALN 10.553) ❖ Code all lunch revenue and expenditures to the NSLP grant code of 851X (ALN 10.555) ❖ These expenditures will show up in the Breakfast and Lunch columns of the FID School Meals Report <p>Special grants like the Fresh Fruit and Vegetable Program (FFVP), 10 Cents A Meal, Child and Adult Care Food Program (CACFP), or the NSLP Equipment Assistance Grant should be coded to their assigned grant codes</p> <ul style="list-style-type: none"> ❖ For grant reporting requirements, do not code expenditures to grants/programs that are not operating/receiving revenue Meal counts will pull into the School Meals Report to determine a cost per meal 	<ul style="list-style-type: none"> ❖ State Aid (31d, 31f, 31a and 31j) revenues and expenditures should be coded to the state grant codes appropriately <ul style="list-style-type: none"> ✓ 31a At Risk (306) ✓ 31f Breakfast (311) ✓ 31d Lunch (310) ✓ 31j 10 Cents (373) ❖ These expenditures will show up in the Breakfast and Lunch columns of the FID School Meals Report ❖ Costs per meals factor into the State Supplemental Payment Calculations (31d and 31f) based on the Finalized FID School Meals Report ❖ Costs per meal must be reviewed for reasonableness to your operations and compared to previous years before certifying the School Meals Report. This can impact State Supplemental Payments if it is not monitored. See the State School Aid Act- Sections 31a, 31d, and 31f - (Admin Memo #5)

Need More Food Service Grant Codes?


This [Food Service Fund/Grant Coding Chart](#) gives accounting/coding for Child Nutrition Programs within Food Service Fund 25 on tab SY 22-23.

Allocation Tips:

As mentioned above, MDE recommends coding expenditures to match the total amount of revenue received for each state grant code. The remainder of costs associated with the SBP and NSLP should be coded to their federal grant codes. Here are options for allocating the remaining expenditures to the federal grant codes for breakfast and lunch:

- Use percentages of revenue by program between breakfast, lunch, and all other programs
- Conduct a time study for labor costs between breakfast, lunch, and all other programs
- Conduct a food cost study between breakfast, lunch, and all other programs

Once the costs attributable to each school meal program have been determined for a given fiscal year, prepare journal entries to move expenditures into the appropriate Grant Code(s) within the district's internal accounting system. Allocations of salaries, benefits, food, purchased services, supplies, and indirect costs need to be performed annually to assure that the program costs per meal are reasonable, consistent, and accurate.

 ***Important reminder: Costs per meal should be reviewed for reasonableness to your operations and compared to previous years before certifying the School Meals Report. Cost per Meal reporting issues may result in your district's loss of a portion or all the state supplemental funding for breakfast and lunch.***


Resources and Related Information:

Resource information on grant codes and public school district financial accounting for Food Service Fund 25 can be found in the [Michigan Public School Accounting Manual Appendix-Definitions for Accounting Codes^v](#), which provides public schools with a required and consistent method for recording financial accounting transactions.

All State School Aid Revenues must be reported using the proper Major Class Code and Suffix Code and grant code. State School Aid revenue suffix codes can be found in the [Accounting for State School Aid Revenues \(michigan.gov\)](#).

Other Tips:

Check Indirect Costs — It is a local decision to recover Indirect Costs in the Food Service Fund. Indirect Costs should not exceed the Maximum Allowable. SFAs are allowed to take up to the maximum, but not more than the maximum allowable for your district. Note that the Maximum Allowable indicated on the FID School Meals Report is invalid if your SFA had purchased service vendors with individual amounts greater than \$25,000. This means that only the first \$25,000 for a vendor can be included, and the rest of the vendor's total must be excluded. Use the [MDE Indirect Cost Calculation Template^{vi}](#) and additional Indirect Costs guidance to double check your Indirect Costs charged for accuracy. A district's Indirect Costs may calculate to be below the maximum allowed provided on the FID School Meals Report.

 Take into account expenditures reported to object code 56xx should not be included in the indirect cost basis.

<div> <div>Indirect Rate (Unrestricted) 15.00%</div> <div>*Maximum Allowable Indirect \$74,897.86</div> <div>*N/A for Contracts exceeding \$25K</div> <div>Rule</div> </div>				
<div>Indirect Costs should not exceed Maximum Allowable</div>				
Expenditures	Breakfast Grant Codes 306, 311, 850	Lunch Grant Codes 310, 851	All Other Programs*	Total
Salaries	\$0.00	\$0.00	\$107,387.69	\$107,387.69
Benefits	\$0.00	\$0.00	\$54,114.00	\$54,114.00
Purchased Services	\$0.00	\$0.00	\$324,664.30	\$324,664.30
Thru another Public School	\$0.00	\$0.00	\$0.00	\$0.00
Supplies and Other	\$0.00	\$0.00	\$13,153.07	\$13,153.07
Sub Total	\$0.00	\$0.00	\$499,319.06	\$499,319.06
Food Costs	\$0.00	\$0.00	\$581,378.08	\$581,378.08
Indirect Costs	\$0.00	\$0.00	\$28,000.00	\$28,000.00
Total Program Cost	\$0.00	\$0.00	\$1,108,697.14	\$1,108,697.14

Food Service Fund must not end with a deficit – You must make the Food Service whole with a Fund Modification.

School Meals Report for	
School Meals Beginning Fund Balance	\$0.00
Total School Meals Revenue	\$415,806.00
Total School Meals Cost w/o Capital Outlay	\$467,807.00
Capital Outlay	\$0.00
Prior Period Adjustment	\$0.00
School Meals Ending Fund Balance	-\$52,001.00
Allowable Fund Balance	\$155,935.67
Excess Fund Balance	\$0.00

Food Service Fund must not end in a deficit



Track and report revenue from Non-program Food separately – Ala Carte, Adult Sales, Catering expenditures, etc. flows to the “All Other Programs” column of the FID School Meals Report and are coded to grant code 000.

School Meals Report for 2022		Expenditures	All Other Programs*
<u>Revenue</u>		Salaries	\$11,449.49
Local (11x-15x, 17x-19x)	\$980.80	Benefits	\$5,296.54
Pupil/Students (161)	\$0.00	Purchased Services	\$184.78
Patron/Adults (162)	\$5,092.20 ✓	Thru another Public School	\$0.00
Milk (163)	\$0.00	Supplies and Other	\$2,036.02
Ala Carte (164)	\$3,174.08 ✓	Sub Total	\$18,966.83
Catering (165)	\$30,297.36 ✓	Food Costs	\$35,763.84
Other (169)	\$0.00	Indirect Costs	\$23,000.00
Total Local (1xx)	\$39,544.44	Total Program Cost	\$77,730.67

Record United States Department of Agriculture (USDA) Foods – Code USDA Foods to Commodity from the Planned Assistance Level (PAL) Report. Commodity Entitlement values are required to match expenditures for grant code 781x. Bonus Commodities are required to match expenditures reported to grant code 782x.

School Meals Report for 2023	
Intermediate Revenue (2xx)	\$0.00
State (31x)	\$19,800.49
Federal (41x)	\$624,826.14
Commodity (481)	\$41,656.23
Bonus Commodity (482)	\$80.89
Another Public School (518)	\$0.00
Other Finance Source (511-517,519-54x, 59x)	\$0.00
Fund Modifications (6xx)	\$0.00
Total School Meals Revenue	\$725,908.19

Excess Fund Balance (EFB) – Spend Down Plan of Actions are submitted through the Grant Electronic Monitoring System/Michigan Administrative Review System (GEMS/MARS) and districts are notified by the Fiscal Monitoring unit in January, following the close of the previous school year. Check out the [All About Excess Fund Balances^{vii}](#) document, which is a quick reference guide to EFB guidance and policy. If you plan to spend your excess funds on equipment (there are other options allowed), work on the Spend Down Plan by procuring and purchasing equipment now. Working on the plan ahead of time will allow SFAs more time to plan, procure, and spend down the funds by the June 30, 2025 deadline, as required. There is no need to wait to receive the notice from MDE. Allowable equipment can be found on the [Food Service Pre-approved Equipment List^{viii}](#). Additional EFB resources are available on the [Equipment and Excess Fund Balance website^{ix}](#).

School Meals Report for 2023		Fiscal Year:	2023
School Meals Beginning Fund Balance	\$974,960.06		
Total School Meals Revenue	\$2,054,981.80		
Total School Meals Cost w/o Capital Outlay	\$2,023,196.64		
Capital Outlay	\$0.00		
Prior Period Adjustment	\$0.00		
School Meals Ending Fund Balance	\$1,006,745.22		
Allowable Fund Balance	\$674,398.88		
Excess Fund Balance	\$332,346.34		

Most Common Errors Reported in the FID School Meals Report:

The most common errors reported in the FID are:

- **Cost per Meal Error** – School meals program expenditures are not properly reported with the correct program codes. When expenditures are not allocated properly across the programs, the cost per meal will be inaccurate and would result in losing 31f and 31d funding.

<div>When expenditures are not allocated properly across the programs the cost per meal will be inaccurate.</div>					<u>2022</u>	<u>2023</u>
					57,893	33,115
					\$0.16	See ERROR Note
					60,075	39,980
					\$4.82	See ERROR Note
Expenditures	Breakfast Grant Codes 306, 311, 850	Lunch Grant Codes 310, 851	All Other Programs*	Total		
Salaries	\$0.00	\$0.00	\$0.00	\$0.00		
Benefits	\$0.00	\$0.00	\$0.00	\$0.00		
Purchased Services	\$0.00	\$0.00	\$249,235.00	\$249,235.00		
Thru another Public School	\$0.00	\$0.00	\$0.00	\$0.00		
Supplies and Other	\$0.00	\$0.00	\$2,387.00	\$2,387.00		
Sub Total	\$0.00	\$0.00	\$251,622.00	\$251,622.00		
Food Costs	\$0.00	\$0.00	\$0.00	\$0.00		
Indirect Costs	\$0.00	\$0.00	\$0.00	\$0.00		
Total Program Cost	\$0.00	\$0.00	\$251,622.00	\$251,622.00		
Capital Outlay	\$0.00	\$0.00	\$0.00	\$0.00		

- **State School Aid Revenue Suffix Codes Error** – All State School Aid Revenues must be reported using the proper Major Class Code and Suffix Code and grant code. State School Aid revenue suffix codes can be found in the [Accounting for State School Aid Revenues \(michigan.gov\)](https://michigan.gov/accounting-for-state-school-aid-revenues).

Accounting for State School Aid Revenues						
State Aid Section	Description	Fund	Protected	Major Class Code	Revenue Suffix Code	Grant/ State Code
30d	Michigan School Meals - Breakfast	Food Service	No	312	0110	264x
30d	Michigan School Meals - Lunch	Food Service	No	312	0110	265x
31a	At Risk Children	General/Food Service	No	312	0020	306x
31d	School Lunch Programs	Food Service	Yes	312	0110	310x
31f	School Breakfast	Food Service	No	312	0110	311x
31j	Locally Grown Produce in Schools	Food Service	No	312	0110	373x

- **Indirect Cost Exceed Maximum Allowed Error** – Districts may only transfer funds out of the School Meals Fund for the purpose of recovering indirect costs. During the review process, we will identify school districts that transferred an amount for the recovery of indirect costs that exceeds the maximum allowable amount that can be charged to the Food Service Fund. When this error is found, MDE requires the district to make an adjusting entry to the general ledger and the FID School Meals Report. We must ensure the approved indirect cost methodology was properly applied. MDE works directly with districts when this error is reported. MDE is required to review supporting documentation of the calculations and the amount charged in indirect costs.

When this error is found MDE requires the district to make adjusting entry to the FID and the General Ledger

				Indirect Rate (Unrestricted)	10.29%
				*Maximum Allowable Indirect	\$31,649.03
				*N/A for Contracts exceeding \$25K Rule	
Expenditures	Breakfast Grant Codes 306, 311, 850	Lunch Grant Codes 310, 851	All Other Programs*	Total	
Salaries	\$38,256.02	\$148,065.37	\$20,433.32	\$206,754.71	
Benefits	\$14,072.12	\$54,626.04	\$7,031.99	\$75,730.15	
Purchased Services	\$926.35	\$4,940.53	\$350.78	\$6,217.66	
Thru another Public School	\$0.00	\$0.00	\$0.00	\$0.00	
Supplies and Other	\$0.00	\$0.00	\$18,868.25	\$18,868.25	
Sub Total	\$53,254.49	\$207,631.94	\$46,684.34	\$307,570.77	
Food Costs	\$76,784.20	\$139,498.12	\$44,355.55	\$260,637.87	
Indirect Costs	\$4,800.00	\$25,600.00	\$1,600.00	\$32,000.00	
Total Program Cost	\$134,838.69	\$372,730.06	\$92,639.89	\$600,208.64	
Capital Outlay	\$0.00	\$0.00	\$500.00	\$500.00	

- **Reported Negative Ending Fund Balance** – Sponsors must not close the Food Service (FS) Fund with a deficit/negative balance. The FID School Meals Report will calculate this for you. If the FS Fund ends in a negative, a fund modification entry is required prior to closing out your FID School Meals Report.

School Meals Report for 2021		Fiscal Year:
		2023
School Meals Beginning Fund Balance		\$0.45
Total School Meals Revenue		\$70,333.52
Total School Meals Cost w/o Capital Outlay		\$109,056.12
Capital Outlay		\$0.00
Prior Period Adjustment		\$0.00
School Meals Ending Fund Balance		-\$38,722.15
Allowable Fund Balance		\$36,352.04
Excess Fund Balance		\$0.00

During the FID adjusting period, MDE attempts every effort to send out email notifications to those sponsors that failed to allocate cost correctly across the programs to establish accurate costs per meal, when sponsors indirect exceeds maximum allowable, and when the ending fund balance is negative. With these reporting errors, MDE requires districts to adjust and resubmit their FID School Meals Report file.

Contact Information

Fiscal Monitoring Team

MDE-Fiscal@michigan.gov

Resources are available at www.michigan.gov/mde-fast

ⁱ <https://www.michigan.gov/mde/-/media/Project/Websites/mde/ohns/Fiscal/Food-Service-Fund-Grant-Coding-SY-23-24.xlsx?rev=391fe1e14c394cc5948926a7df338387&hash=759EA9F56ADEED58838451C8A4605DE2>

ⁱⁱ <https://www.michigan.gov/mde/services/financial-management/state-aid/publications/michigan-public-school-accounting-manual>

ⁱⁱⁱ <https://www.michigan.gov/mde/-/media/Project/Websites/mde/ohns/Fiscal/2022-Memo--State-School-Aid-Act--Sections-31a-31d-and-31f.pdf?rev=b3ba3f2d26414d17b95352cc8f1a2eb3&hash=71F38DAF5B8055B72C99569CB10CDB6E>

^{iv} <https://www.michigan.gov/-/media/Project/Websites/mde/OFM/State-Aid/Bulletin-1022/saacct03.pdf?rev=efe1ea9e5e1f408f86cda78a197f5011>

^v <https://www.michigan.gov/-/media/Project/Websites/mde/Year/2021/09/16/appendix.pdf?rev=0ee7b721fb244e1aa33ce84b3c6dc00f>

^{vi} [https://www.michigan.gov/-/media/Project/Websites/mde/2021/06/15/MDE Indirect Cost Calculations Template.xlsx?rev=2e48c47d0a3d48dc9836ad99702dccd4](https://www.michigan.gov/-/media/Project/Websites/mde/2021/06/15/MDE%20Indirect%20Cost%20Calculations%20Template.xlsx?rev=2e48c47d0a3d48dc9836ad99702dccd4)

^{vii} [https://www.michigan.gov/-/media/Project/Websites/mde/2020/06/23/All About Excess Fund Balances.pdf?rev=157a4b0d8e944fcea496380022c7d61e](https://www.michigan.gov/-/media/Project/Websites/mde/2020/06/23/All%20About%20Excess%20Fund%20Balances.pdf?rev=157a4b0d8e944fcea496380022c7d61e)

^{viii} [https://www.michigan.gov/-/media/Project/Websites/mde/2021/08/04/Pre-Approved Food Service Equipment List 8-4-21.pdf?rev=d1764165ccce45178fb03585418c8a38](https://www.michigan.gov/-/media/Project/Websites/mde/2021/08/04/Pre-Approved%20Food%20Service%20Equipment%20List%208-4-21.pdf?rev=d1764165ccce45178fb03585418c8a38)

^{ix} <https://www.michigan.gov/mde/services/food/fiscal-admin/topics/equipment-and-excess-fund-balance>