

# 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 <u>School Nutrition Program Coding</u> 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 <u>Public-School Accounting Manual</u>. 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 <a href="State School Aid Act-Sections">State School Aid Act-Sections</a> 31a, 31d, and 31fiii for more information.

## **Special Grant Coding**

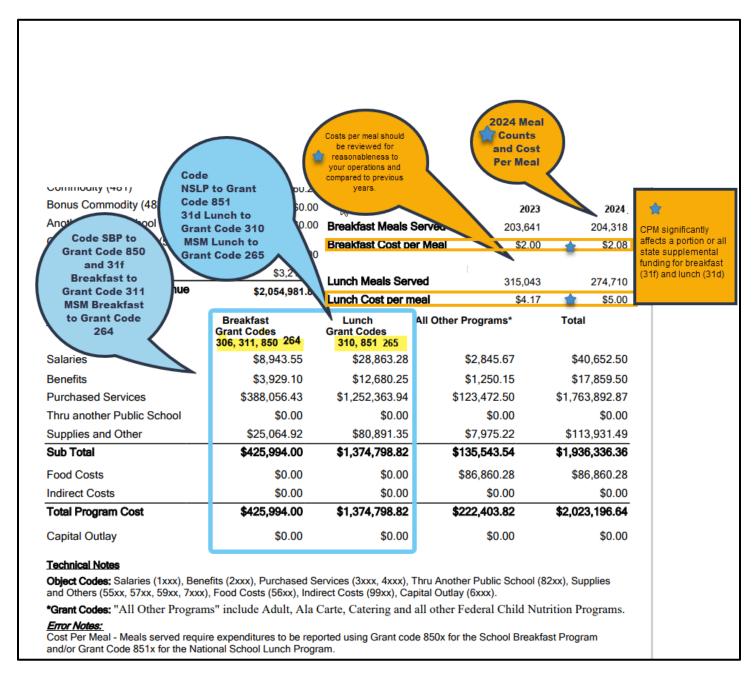
Special grants like the Fresh Fruit and Vegetable Program (FFVP), Child and Adult Care Food Program (CACFP), or the NSLP Equipment Assistance Grant should still be coded to their assigned grant codes as well. Coding information can be found in the <a href="School Nutrition Program Coding SY23-24">School Nutrition Program Coding SY23-24</a>, 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 <u>Michigan Public School Accounting Manual Appendix-Definitions for Accounting Codes</u>.

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.





## Here are tips for SY 2023-2024:

National School Lunch Program (NSLP) and School Breakfast Program (SBP) and Michigan School Meals coding tips. Federal reimbursement and state funding must be accounted for separately by grant code within Food Service Fund 25. We recommend 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.



#### MICHIGAN SCHOOL MEALS

- Michigan School Meals (MSM) 30d state funding will require separate tracking
- MSM revenue and expenditures should be coded to the state grant codes appropriately
  - √ 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 <u>Accounting for State</u> School Aid Revenues<sup>iv</sup>

#### **NSLP AND SBP**

- 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

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

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

### **STATE SUPPLEMENTAL**

- State Aid (31d, 31f, 31a and 31j) revenues and expenditures should be coded to the state grant codes appropriately
  - ✓ 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 <u>Food Service Fund/Grant Coding Chart</u> 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 <u>Michigan Public School Accounting Manual Appendix-Definitions for Accounting Codes</u>, 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 <u>Accounting for State School Aid Revenues</u> (michigan.gov).

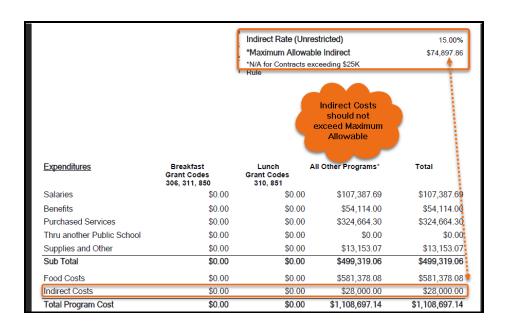


## **Other Tips:**

**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.

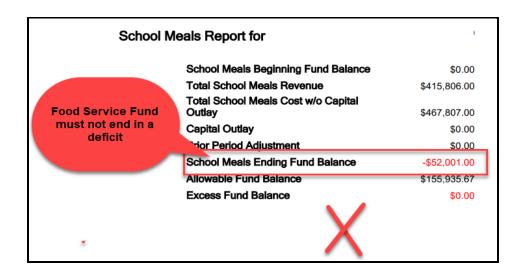


Take into account expenditures reported to object code 56xx should not be included in the indirect cost basis.





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



**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.

[		<u>Expenditures</u>	All Other Programs*
School Meals Report for 2022			
Revenue		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)	¢E 000 00	Thru another Public School	\$0.00
, ,	\$5,092.20	Supplies and Other	\$2,036.02
Milk (163)	\$0.00	Sub Total	\$18,966.83
Ala Carte (164)	\$3,174.08	Food Costs	\$35,763.84
Catering (165)	\$30,297.36	Indirect Costs	\$23,000.00
Other (169)	\$0.00	Total Program Cost	\$77,730.67
Total Local (1xx)	\$39,544.44		- ,



**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			
Int@mediate 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 Preapproved Equipment List viii. Additional EFB resources are available on the Equipment and Excess Fund Balance website ix.

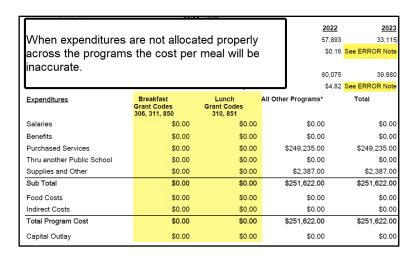
ol Meals Report for 2023	Fiscal Year: 2023
School Meals Beginning Fund Baland	<b>ce</b> \$974,960.06
Total School Meals Revenue	\$2,054,981.80
Total School Meals Cost w/o Capital Outlay	\$2,023,196.64
Capital Outlay	\$0.00
Prior Period Adjustment	\$0.00
School Meals Ending Fund Balance	\$1,006,745.22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



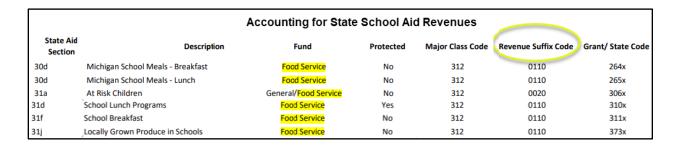
# Most Common Errors Reported in the FID School Meals Report:

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 loosing 31f and 31d funding.

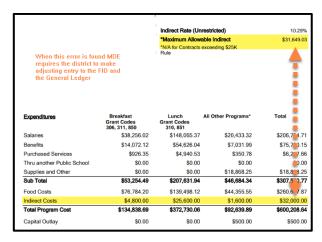


• State School Aid Revenue Suffix Codes Error – All State School Aid Revenues must be reported using the proper Major Class Code and Suffix Code and grant code. State School Aid revenue suffix codes can be found in the Accounting for State School Aid Revenues (michigan.gov).





• 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.



• 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

/media/Project/Websites/mde/Year/2021/09/16/appendix.pdf?rev=0ee7b721fb244e1aa33ce84b3c6dc00f

/media/Project/Websites/mde/2021/06/15/MDE Indirect Cost Calculations Template.xlsx?rev=2e48c47d0a3d48dc9836ad99702d ccd4

/media/Project/Websites/mde/2020/06/23/All About Excess Fund Balances.pdf?rev=157a4b0d8e944fcea496380022c7d61e

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

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

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

https://www.michigan.gov/-/media/Project/Websites/mde/OFM/State-Aid/Bulletin-

<sup>1022/</sup>saacct03.pdf?rev=efe1ea9e5e1f408f86cda78a197f5011

v https://www.michigan.gov/-

vi https://www.michigan.gov/-

vii https://www.michigan.gov/-

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/mde/services/food/fiscal-admin/topics/equipment-and-excess-fund-balance