

NON-PROFIT SCHOOL FOOD SERVICE ACCOUNT



ADA Compliant 7-10-2019

REVENUES

- All revenues received by or accruing to the account must be used only for the operation and improvement of the Child Nutrition Programs.
- Revenues include:
 - Meal, snack and milk program operations;
 - A la carte sales, catering, visitor meals;
 - Earnings on investments;
 - State revenue
 - Other local revenue; and
 - Federal meal reimbursements and grant funding.

EXPENDITURES

- Expenditures must be directly related to the operation of the Child Nutrition Programs.
- Allowable Expenditures:
 - Food purchases and costs directly related to storage, handling, processing and transporting food;
 - Labor (program staff);
 - Supplies and expendable equipment (>\$5,000) directly used for program operations;
 - Non-expendable items (>\$5,000); moveable property and used directly in preparing, storing or serving school meals
 - Purchasing Equipment*

NON-ALLOWABLE EXPENDITURES

- Purchase of land, acquire or construct buildings, make alterations to existing buildings that materially increase the value of capital assets.
- Entertainment;
- Interest on loans;
- Rent or usage fees for LEA-owned facilities;
- Costs already included in the LEA's formula for indirect costs;
- Any direct costs included in the indirect cost rate;
- Non-program adult meals.

NON-PROFIT STATUS – NET CASH

- The fund balance or net cash resources of the account must not exceed three months' average expenditures.
 - Excess balance = Plan to use surplus revenues
 - Plans must be specific, per USDA statements of assurance are not acceptable corrective action plans
 - Annual review by USBE
 - Public Districts
 - Public Charters
 - Private Schools

PREVIOUS CALCULATION - NET CASH

- APR used for all LEAs

Steps

1. Pull subtotal expenditures
2. Divide by # of mos. of operation (9 mos.) multiply by 3
 - Using 9 mos. for all sponsors even if operating summer programs
3. Total = maximum allowed reserve
4. Pull subtotal revenue - expenditures
5. Compare *maximum allowed reserve total* to *subtotal revenue – expenditures*
6. Determine if subtotal \geq maximum allowed reserve
7. If greater than, out of compliance, spend down plan required

2017-2018 CALCULATION – NET CASH

- Calculated differently for districts than charters this year
- Moving all LEAs toward the method used with districts depending on data availability
- Identified reporting inconsistencies in the data this year
- Identified an error in this year's calculation to be fixed next year

2017-2018 CALCULATION – CHARTERS NET CASH

- No changes from previous calculation to the 2017-2018 calculation
- May change to district method depending on data available for 2018-2019

Steps

1. Pull subtotal expenditures
2. Divide by # of mos. of operation (9 mos.) multiply by 3
 - Using 9 mos. for all sponsors even if operating summer programs
3. Total = maximum allowed reserve
4. Pull subtotal revenue - expenditures
5. Compare maximum allowed reserve total to subtotal revenue – expenditures
6. Determine if subtotal \geq maximum allowed reserve
7. If greater than, out of compliance, spend down plan required

2017-2018 CALCULATION – DISTRICTS NET CASH

Part one: Pull following from APR:

1. Pull subtotal expenditures
2. Divide by # of mos. of operation (9 mos.) multiply by 3
 - Using 9 mos. for all sponsors even if operating summer programs
3. Total = maximum allowed reserve

Part two: Pull following from AFR:

1. Pull total fund balance
2. Compare maximum allowed reserve to AFR total fund 49 balance
 - USBE recognized balance sheet code 9860 (nonspendable inventories & prepaid expenditures) was not considered in calculation
 - Inconsistent data - some LEAs **did not report** anything in 9860
3. New calculation for next year...

CALCULATION MOVING FORWARD - NET CASH

Part one: Pull following from APR:

1. Pull subtotal expenditures
2. Divide by # of mos. of operation (9 mos.) multiply by 3
 - Using 9 mos. for all sponsors even if operating summer programs
3. Total = maximum allowed reserve

Part two: Pull following from AFR:

1. Pull total fund balance
2. Subtract balance sheet code 9860 from total fund balance
3. Compare AFR result to maximum allowed reserve from APR
 - If calculated total \geq maximum allowed reserve, out of compliance, spend down plan required
 - If 9860 is missing, we may be contacting you for an explanation

INDIRECT COSTS

- APR used for all LEAs
- Subtract the following object codes from subtotal expenditures
 - 630, 710, 720, 730, 740, 750, 780, 810-820, 830, 840, 850, 860, 870, 890
- Remaining total may be charged indirect costs
- Unrestricted rates applied to remaining total to determine maximum allowed
- Compare LEA reported indirect costs to maximum allowed
- If over maximum allowed, out of compliance, a transfer of unrestricted (general) funds is required to make the food service account whole

NOTIFICATIONS TO LEAS RE: NET CASH AND INDIRECT COSTS

- Indirect costs and 3 mos. excess calculations are typically completed after reports are certified, roughly early spring
- Notifications sent in the spring