

School Meals Reporting to FID

November 5, 2010

Background

- USDOE requiring more detail related to how school districts expend funds
- The required Chart of Accounts includes a dimension for keeping track of grant expenditures
- Decision to utilize an edit in the State Code dimension of the FID

Correspondence from MDE

- Michigan Public School Accounting Manual Change Notice # 17 notified business officials that the State Code would be edited in 2009-10 FID.
- June 10, 2010 Carol Wolenberg Memo regarding Collection of School Meals Year End Reporting Through FID
- July 1, 2010 Memo clarifying the collection

Correspondence from CEPI

- 4-20-2010 All FID Users informed of State Code edit
- June 10, 2010 Reminder of Collection of School Meals Year End Reporting Through FID
- August 9, 2010 email reminding FID Users of the collection

Account Structure

- Function Code (3 Positions)

Fund	Trans.	Function	Object	Program	State	Facility /School	Other
XX	X	XXX	XXXX	XXX	XXXX	XXXXX	XXXX

- The Function describes the activity for which a service or material is acquired.

Account Structure

- Expenditure Function Code
- The FID will require submission of data to the 3rd position of the Function Code.

Fund	Function	Object	Facility /School	Ending Balance
XX	XXX	XX	XXXXX	\$\$\$\$\$\$\$\$\$\$\$.\$\$

Account Structure

Object Code (4 positions)

Fund	Trans.	Function	Object	Program	State	Facility/School	Other
XX	X	XXX	XXXX	XXX	XXXX	XXXXX	XXXX

- The Object Code describes the service or commodity obtained.

Account Structure

Object Codes

- Salaries (1XXX)
- Employee Benefits (2XXX)
- Purchased Services (3XXX-4XXX)
- Supplies (5XXX)
- Capital Outlay (6XXX)
- Other Fees, Dues, Interest (7XXX)
- Payments to Other Public Schools for Services Rendered (82xx)

Account Structure

Fund	Function	Object	Facility/School	Ending Balance
XX	XXX	XX00	XXXXX	\$\$\$\$\$\$\$\$\$\$\$\$.\$\$

- It is recommended that districts keep their object codes consistent to the third position of the state chart of accounts. However, the FID only edits data to the 2nd position of the Object Code. Districts may use the 4th position of the Object Code at their discretion.

Account Structure

Program (3 Positions)

Fund	Trans.	Function	Object	Program	State	Facility/School	Other
XX	X	XXX	XXXX	XXX	XXXX	XXXXX	XXXX

- The current FID will not edit the program code.
- The Program Code is currently used to further describe Special Education Expenditures.

Account Structure

State Code (4 Positions)

Fund	Trans.	Function	Object	Program	State	Facility/School	Other
XX	X	XXX	XXXX	XXX	XXXX	XXXXX	XXXX

- The State Code is used to further describe expenditures by grant type.
- Beginning in 2010 FID – The State Code will be edited to the 3rd position.**

Account Structure

Facility/School Code (5 Positions)

Fund	Trans.	Function	Object	Program	State	Facility/School	Other
XX	X	XXX	XXXX	XXX	XXXX	XXXXX	XXXX

- The School Code is a five digit state assigned number for a district building or administrative unit.

Account Structure

Fund	Function	Object	Facility /School	Ending Balance
XX	XXX	XX	XXXXX	\$\$\$\$\$\$\$\$\$\$\$\$

- Expenditures reported to the FID will require a valid five digit school code for various instruction (1xx) and school administration (24x) functions. All other functions may be reported with "00000" in the facility code.

Food Service Reporting

Example

- Original Entries in School Accounting Records

Fund	Function	Object	Prog	State	Facility /School	Other	Amount
25	261	3840	000	0000	12345	0000	\$8,000
25	297	1650	000	0000	12345	0000	\$24,000
25	297	2130	000	0000	12345	0000	\$1,500
25	297	2830	000	0000	12345	0000	\$1,912.5
25	297	2820	000	0000	12345	0000	\$4,750.
25	297	5610	000	0000	12345	0000	\$50,000
25	297	6410	000	0000	12345	0000	\$5,000
25	297	3150	000	0000	12345	0000	\$30,000
25	297	5980	000	0000	12345	0000	\$1,000

Food Service Reporting

Example

- Adjusting Entries at year end to distribute cost to Breakfast (30%), Lunch (50%), All Other (20%)

Fund	Function	Object	Prog	State	Facility /School	Other	Amount
25	261	3840	000	0000	12345	0000	(\$6,400)
25	261	3840	000	8500	12345	0000	\$2,400
25	261	3840	000	8510	12345	0000	\$4,000

To Record Distribution of Waste and Trash to School Meals Programs

Food Service Reporting

Example

- Adjusting Entries at year end to distribute cost to Breakfast (30%), Lunch (50%), All Other (20%)

Fund	Function	Object	Prog	State	Facility /School	Other	Amount
25	297	1650	000	0000	12345	0000	(\$19,200)
25	297	1650	000	8500	12345	0000	\$7,200
25	297	1650	000	8510	12345	0000	\$12,000

To Record Distribution of Salaries to School Meals Programs

25	261	2130	000	0000	12345	0000	(\$1200)
25	261	2130	000	8500	12345	0000	\$450
25	261	2130	000	8510	12345	0000	\$750

To Record Distribution of Health Benefits to School Meals Programs

Food Service Reporting

Example

- Adjusting Entries at year end to distribute cost to Breakfast (30%), Lunch (50%), All Other (20%)

Fund	Function	Object	Prog	State	Facility /School	Other	Amount
25	297	2820	000	0000	12345	0000	(\$3,800)
25	297	2820	000	8500	12345	0000	\$1,425
25	297	2820	000	8510	12345	0000	\$2,375

To Record Distribution of Retirement Benefit Costs to School Meals Programs

25	297	2830	000	0000	12345	0000	(\$1530)
25	297	2830	000	8500	12345	0000	\$573.75
25	297	2830	000	8510	12345	0000	\$956.25

To Record Distribution of Employer's Share of FICA Costs to School Meals Programs

Food Service Reporting

Example

- Adjusting Entries at year end to distribute cost to Breakfast (30%), Lunch (50%), All Other (20%)

Fund	Function	Object	Prog	State	Facility /School	Other	Amount
25	297	5610	000	0000	12345	0000	(\$40,000)
25	297	5610	000	8500	12345	0000	\$15,000
25	297	5610	000	8510	12345	0000	\$25,000

To Record Distribution of Food Costs to School Meals Programs

25	297	6410	000	0000	12345	0000	(\$4,000)
25	297	6410	000	8500	12345	0000	\$1,500
25	297	6410	000	8510	12345	0000	\$2,500

To Record Distribution of Refrigerator Cost to School Meals Programs

Food Service Reporting Example

- Adjusting Entries at year end to distribute cost to Breakfast (30%), Lunch (50%), All Other (20%)

Fund	Function	Object	Prog	State	Facility/School	Other	Amount
25	297	3150	000	0000	12345	0000	(\$24,000)
25	297	3150	000	8500	12345	0000	\$9,000
25	297	3150	000	8510	12345	0000	\$15,000
To Record Distribution of ABC Contract Costs to School Meals Programs							
25	297	5980	000	0000	12345	0000	\$800
25	297	5980	000	8500	12345	0000	\$300
25	297	5980	000	8510	12345	0000	\$500
To Record Distribution of Misc. Supplies Cost to School Meals Programs							

Food Service Reporting Example

Direct Cost Base used for calculating allowable Indirect costs to assign to the breakfast program.

Fund	Function	Object	Amount
25	261	3840	\$2,400
25	297	1650	\$7,200
25	297	2130	\$450
25	297	2830	\$1,425
25	297	2820	\$573.75
25	297	5610	\$0
25	297	6410	\$0
25	297	3150	\$7,500
25	297	5980	\$300
Direct Cost Base			\$19,848.75

Indirect Cost Recovery Entry

Entry to charge indirect to the School Breakfast Program given an approved 12% Unrestricted Indirect Cost Rate.

$$\$19,848.75 \times .12 = \$2381.85$$

Fund	Function	Object	Prog	State	Facility/School	Other	Amount
25	611	9990	000	8500	00000	0000	\$2385.85
To Record Expenditure Distribution of Indirect Costs in School Meals Fund to Breakfast Program							

Fund	Major Class	Suffix	State	Other			Amount
11	625	9990	0000	000	00000	0000	(\$2381.85)
To Record Revenue from Indirect Costs Collected from the Breakfast Program							

Food Service Reporting Example

Costs Excluded from Direct Cost Base:

Debt Service, Judgments, Fines and Penalties, Bad Debts, Election Expenses, Flow Through Grants,

- Food used in School Meals and other items for resale
- Purchased Service Contracts up to \$25,000 (In our Example ABC Contract for \$30,000 - We may apply the indirect rate to \$25,000 of the contract.)

Indirect Cost Rate Application

Each year districts may apply for Indirect Cost Rates through the Michigan Department of Education.

To be consistent with charging the programs/grants for indirect;

Individual contracts that are part of the direct costs, should only be included in the rate calculation for individual contract amounts up to the \$25,000. That improves the district's indirect cost rate as the rate is calculated by dividing Indirect Costs by the Direct Cost Base.

Any costs for business services, payroll, or operations and maintenance that are **direct billed to a program/grant**, should also be moved from the indirect pool to the direct pool for calculating the rate.

Depreciation

- School Districts in Michigan are required to follow Governmental Fund Accounting. The School Meals Fund is considered a governmental fund. Therefore, within the fund there is NO Depreciation. All equipment/capital outlay become an expenditure in the year the item is purchased.
- In the District wide financial statements, the district will maintain a record with all of its capital assets and associated depreciation (fund 91)

Sales Tax

Sales Tax is NOT Revenue to the District
The district merely collects the tax on behalf of the state and then remits it to the state on a regular basis.

When the district collects the tax, it should keep balance sheet records to show the amount of tax collected and the amount remitted.

There are balance sheet accounts in the Chart of Accounts to keep track of funds "due to another governmental unit."

Sales Tax

Sample Accounting Transaction for School Meals lunch sale:

Debit	
Cash 25-101-0000	\$2.65
Credit	
Balance Sheet "Due to Government Agency" 25-421-0000	\$.15
Revenue Food Sales to Patrons 25-162-0110-0000	\$2.50

Questions?

MDE Contact Information

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