

School Meals Reporting to FID

October 28, 2011
MSBO



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	Grant	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	Grant	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	Grant	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

■ Grant Code (4 Positions)

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

- The Grant 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	Grant	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	XXXXXX	\$\$\$\$\$\$\$\$\$\$\$\$\$\$

- 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

Costs Excluded from Direct Cost Base Used in Indirect Cost Rate Calculations:

- 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

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.

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

31f – Breakfast Payment

■ 31f State Supplemental Breakfast Payment

- If revenue for the Breakfast Program exceeds cost, the district is not eligible to receive a supplemental payment.
- If cost exceeds revenue, the revenue paid to the school district will be subtracted from the cost per breakfast to determine the payment.

31f –Breakfast payment

- If the school district reports a cost per breakfast in excess of the statewide average, the statewide average cost for breakfast is used for the 31f calculation.
- Revenue is taken from the MDE claim system to determine what has been paid to the district. Also included in revenue: payments made by students who are paying or eligible for reduced meals.

31f Breakfast

- 31a free eligible total student count reported to MDE, Title 1 Office.
- This count multiplied by \$10 per free eligible reported should be transferred to the non-profit food service fund.

31d Lunch Payment

- Districts receive eleven monthly installments throughout the year
- Amounts are always estimated until actual information can be used to run a calculation for the prior year
- The State pays 6.0127% of costs of operating the school lunch program
- Revenue is not a factor for the 31d payment

31d Lunch Payment

- The calculation is then compared to estimated payments that have been paid throughout the prior year
- Results being additional amount due to the district or an overpayment returned to MDE.
- This entire process is called the 31d payment reconciliation.

31d Lunch Payment

- In the fall, beginning with the October State Aid payment, the reconciled amounts are rolled over to start the eleven installment payments for the upcoming year.

Questions?

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