


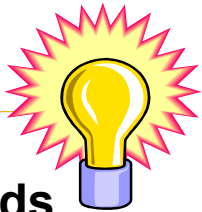
Resource Management: Child Nutrition Financials



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OCAS Codes




Child Nutrition is FEDERAL Funds

- Project Codes in 300 Series = STATE
- Project Codes in 700 Series = FEDERAL
- Project Codes in 000 Series = LOCAL
- **Reporting is done by accredited site**

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Project Reporting Codes

- 763 = National School Lunch Program
- 764 = School Breakfast Program
- 759 = Supply Chain Assistance (SCA) Funds
- 766 = Summer Food Service Program
- 768 = Fresh Fruit/Vegetable Program
- 769 = Child and Adult Care Food Program
- 791 = Equipment Grant
- 385 = State Match

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Reporting Codes in 700

- 700 Series = FEDERAL FUNDS = Teacher Retirement Match
- Breaking down ONE invoice for all costs
 - Interactive form in Other Documents under Financial Management section*



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Resource Management Objectives

- Child Nutrition Funds
- Maintenance of the Non-Profit School Food Service Account
- Paid Lunch Equity
- Revenue from Nonprogram Food
- Indirect Costs

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A large graphic consisting of a dark blue star in the center, surrounded by various shades of blue geometric shapes (triangles, quadrilaterals) that form a larger, abstract star-like pattern.

Child Nutrition (CN) Funds

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Child Nutrition Funds

- The SFA may elect to have single bank account for all funds, tracking through OCAS Coding: Fund 11
- The district may elect to have separate bank account for CNP funds: Fund 22
- The account is required to be appropriated and warrants issued through SFA treasurer

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Child Nutrition Funds (cont.)

Child Nutrition funds can be in

- **Fund 22** is a special fund reserved for CNP funds
- **Fund 11** can be used, (General Fund account)
 - **Fund 60** Activity fund can be used to deposit CNP revenues. Money must be transferred to one of the general fund (11 or 22) accounts by the end of the school year (activity fund custodian must be bonded)

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Fund 22: Child Nutrition

- It is **HIGHLY** recommended a school use Fund 22 for Child Nutrition
 - This ensures the district knows what they are receiving and spending in Child Nutrition

Not Using Fund 22

- Does this account accumulate interest?
 - Any interest accumulated on Child Nutrition Funds must be used on Child Nutrition Expenses
- How do you keep track of how much General Fund subsidizes CN or carryover funds??
 - We are not seeing carryover funds NOT coded to child nutrition when they should have carryover

Beginning of the Year

Beginning fund balance

- Any carryover funds from previous year is coded as 6110
- Combined with all actual revenues (including collected and estimated revenues) must be appropriated before expending
- Purchase order must be issued
- Once goods/services have been received, then SFA can pay

Segregation of Duties

Audit requirement: Segregation of duties by two different people

- One person to count monies collected
- A different person is to make the deposit

CNP Fund custodian can be the SFA's CNP Fund Specialist

- Can complete requisition
- Working with budgets
- Make local collections deposit

Cannot complete purchase orders, this must be completed by the encumbrance clerk and treasurer must register warrants and pay

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Loan Agreement

- A bona fide loan agreement between General Fund and CNP July 1 or prior
- USDA prohibits SFA's from retroactively designating a transfer of funds
- Loan must be board approved
- Be the exact amount borrowed and paid back on or before June 30 of each year

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Procurement

- Proper procurement procedures must be followed on all purchased used CNP Funds
 - All items paid with Child Nutrition are subject to being reviewed on the District's Procurement Review
- Use the district's Procurement Plan to ensure you use proper procurement is achieved
- If you have questions on procuring these items, you can contact OSDE Child Nutrition office
- CNP Procurement Training is offered multiple times a year and on OSDE Connect

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Revenue and Expenditures

- Federal CN funds must **ONLY** be used for the operation and/or improvement of the School Food Service Operation (2 CFR §200)
- Expenditures should never exceed revenues by EACH PROJECT REPORTING CODE

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Allowable Purchases

Any item used for ANY Child Nutrition Program

- USDA Memo SP-07-2015 or C-22-24
- Used for the Operation and Improvement of Child Nutrition
- **The cost must be necessary and reasonable for services rendered**
- Child Nutrition Staff Salaries
- Equipment & Technology
- The purchase of materials to improve participation and/or cafeteria appearance is allowable

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Examples of Allowable Purchases

- **Kitchen smallware:** Pots & Pans, knives, serving utensils, etc.
- New Computer or POS (point of service) system
- Floor mats/flooring
- Food trays/dishwasher – changing from Styrofoam to washable plates
- Air Fryer, tilt skillet, oven, milk box, salad bar, etc.
- Paying salaries in CNP to code 700 instead of General Fund

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Purchasing Equipment

- Equipment purchases of \$5,000 or over is required to have State agency approval with the exception of items on the Oklahoma Equipment Pre-Approval List (P-8) located in Other Documents and the School Training Manual
 - If purchasing multiple pieces of equipment, approval is only required if the base price of the individual item exceeds \$5,000. It is not based on the total but the individual item price

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Purchasing Equipment Approval

- Equipment Pre-Approvals are sent to Jennifer Weber at Jennifer.Weber@sde.ok.gov. Include the following in the email:
 - ✓ A copy of at least 2 quotes
 - ✓ A description of the equipment
 - ✓ The cost
 - ✓ How does this equipment support or enhance food service
 - ✓ Disposal plan if equipment is being replaced; and
 - ✓ Acknowledgment this equipment is only being used for Child Nutrition purposes

18 | Procurement Training



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Examples Unallowable Expenses

- ***Items not used by Child Nutrition***
- Late payments
- Land, Buildings, and Construction
 - Contact OSDE before you make any structural changes as it may be unallowed
- Capital expenditure other than acquisition of building or land, **must** have pre-approval from OSDE after USDA approval

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Unallowable CNP Expenditures (cont.)

- Feeding children in the summer and not participating in SSO or SFSP
- ***If purchased items is not SOLEY used for Child Nutrition Programs, the cost must be PRORATED***
 - *Example:* If the item purchased is used by CNP 75% of the time and other organization 25% of the time, **the district can only charge CNP up to 75% of the cost of the item**
 - Indirect cost may be applied

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Adult & Preprimary Meals

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Adult Meals

- Child Nutrition employees **can** eat for free
- On-Duty teachers are **not** considered Child Nutrition employees as their contract is for a teacher and not support staff **AND** they are not taking the required Child Nutrition Professional Development hours
- Adult meals **cannot** be paid with child nutrition funds
 - Any school on a Provision or CEP cannot charge teachers for free. This is only for students

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Adult Meals (cont.)

- Adults are required to be charged the price listed in the online application is Schedule B

Schedule B - Meal Prices

\$2.26 (Min. Amount to Charge Adults/Contract for Breakfast)

\$4.84 (Min. Amount to Charge Adults/Contract for Lunch)

\$1.08 (Min. Amount to Charge Adults/Contract for Snack)

NOTE: The rates above are as follows: Breakfast is the free breakfast rate, Snack is the free Snack rate, Lunch is the free lunch rate plus the additional performance incentive and the commodity rate.

- If the district employees are paying \$0 for meals, the district must include this as a fringe benefit (*contact OCAS*)

Adult Meals (cont.)

- If adult meals are less than the amount on Attachment B, or adults are not being charged for meals. The district is to keep record showing how much Child Nutrition is to be paid back
 - Average Adult Lunch Breakfast Cost form
- Adult meals must be paid with local funds
 - If the district only uses Fund 11, then the district needs to set up a specific local code to show these meals were paid back. Example: 001

AVERAGE ADULT LUNCH/BREAKFAST COST				VERSUS			
ACTUAL ADULT LUNCH/BREAKFAST CHARGE FORMULA							
Lunch:				Breakfast:			
Step 1				Step 1			
\$4.84	-	\$ 2.00		\$2.26	-	\$ 1.00	
Free Reimbursement Rate for Lunch plus additional incentive payment plus the Value of USDA Foods			Actual Adult Lunch Charge	Free Reimbursement Rate for Regular Breakfast			Actual Adult Breakfast Charge
=			\$2.84	=			\$1.26
Lunch Differences				Breakfast Differences			
Step 2				Step 2			
Record the number of adult lunch meals served at a charge lower than the free reimbursement rate plus additional incentive payment plus the value of USDA Foods. Multiply by the difference as calculated in Step 1.				Record the number of adult breakfast meals served at a charge lower than the free reimbursement rate. Multiply by the difference as calculated in Step 1.			
LUNCH MEALS	# OF ADULT MEALS	LUNCH X DIFFERENCE	= \$ VALUE	BREAKFAST MEALS	# OF ADULT MEALS	BREAKFAST X DIFFERENCE	= \$ VALUE
JULY		\$0.00	\$0.00	JULY		\$0.00	\$0.00
AUGUST	125	\$355.00	\$355.00	AUGUST	48	\$60.48	\$60.48
SEPTEMBER		\$0.00	\$0.00	SEPTEMBER		\$0.00	\$60.48

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Preprimary Children

- **Preprimary** is a child from birth to 3 years of age and not enrolled in a school district
- **Children 3 years of age on an IEP or 504 plan can be enrolled if receiving services** (Reference FNS Instruction 776-7, Rev. 1, 6/6/88)
- Meals for preprimary **CANNOT** be claimed under NSLP/SBP unless enrolled and receiving special education services through an IEP/504 plan
 - This includes Head Start/Even start programs

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Preprimary Children (Cont.)

- Preprimary children meals can be claimed on CACFP (daycare program)

OR

- Preprimary children meals can be paid for out of general fund

OR

- The household can be charged for the full price of the meal
- *Preprimary children cannot be claimed on the At-Risk program as it is only available to school age children and can only be served after the school day has ended*

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School Daycares

- If the district has a daycare, meals cannot be claimed on the school lunch or the school breakfast program
- The district can pay for these meals out of General Fund, charge the parents the full price of the meal, or participate in the Regular CACFP program and claim the meals for reimbursement

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School Daycares (cont.)

- Meals on Regular CACFP can ONLY be claimed by Free, Reduced, and Not Eligible rate based on Free & Reduced-priced applications obtained by parents each year
 - ***There is no Provision or CEP for daycare centers. It is solely based on applications***
- If a school would like to be on CACFP, the school must be licensed as a Center with DHS and not a Family Day Care Home Sponsor

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Maintenance of Non-Profit School Food Service Account

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CNP Funds in Compliance

- Net cash resources is limited to an average of a three-month operating balance or less
- OSDE receives the district's certified OCAS expenditures and revenue for Child Nutrition to see if the district is in compliance with all revenues received and expenditures made

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Child Nutrition: Excess Funds

- If the district has excess funds and goes over the district's three-month operating balance:
 - The district is to fill out a form to let us know what it will do with the excess
 - Spend it all by **June 30th**
 - Carryover all excess funds
 - Spend some and carryover some excess funds
- Any excess funds will be coded as revenue using code 6110 into the next fiscal year

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Documentation is Spending the Excess

If the district intends to use all the excess funds by June 30th, OSDE will need:

- Invoices/Purchase orders from purchased items
- Statements and/or clarifications
 - *Example:* Salaries previously paid in General Fund and now will be paid with CNP funds. Send in salaries paid and write a statement on how these employees were paid under General Fund and now will be paid under Child Nutrition

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Paid Lunch Equity (PLE) Requirements

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School Lunch Pricing

It is required to charge ***paid student lunch*** meals at an average price equal to the difference between free lunch and paid lunch reimbursement rates **OR** the district can cover the difference through non-Federal funds

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Paid Lunch Equity tool (PLE Tool)

- The PLE Tool will show SFAs how much the student paid LUNCH price must be increased for the following school year or the amount of funds necessary to subsidize its CNP
 - The district can increase the amount more than suggested by USDA so prices don't have to be raised **EVERY** year
- If currently charging less and not subsidizing food service, must increase **PAID** student lunch charges 5-10 cents per year

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Paid Lunch Equity (PLE)

- SFAs are required to meet the PLE requirements
- Are SFAs in strong financial standing?
- This is for Lunch prices only
- If prices are raised, the PLE tool **MUST** be sent to OSDE
- The renewal application cannot be filled out until the PLE tool is submitted to OSDE

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PLE Exemptions

- SFAs with a zero or positive balance in the nonprofit school food service account as of June 30, 2023, are not required to raise their prices
 - OSDE will need a copy of the District's Child Nutrition Revenue and Expenditures from showing the positive balance to be exempt
- Nonpricing and Provision schools are exempt from this requirement
- If the district is exempt from the PLE tool, the renewal application will not be locked

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PLE Continued

It is *HIGHLY RECOMMENDED* All districts complete the PLE tool every year even if it is not required. This ensures that the district will not have to significantly increase their meal prices in future years

Send the PLE tool to OSDE even if prices are not raised

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PLE Tool: Subsidizing

- The formula in the tool determines if a district has any Nonfederal Source Funds to use for subsidizing
- ***Subsidizing is NOT dollar for dollar. It is based on the percentage of PAID students for lunch***
 - *Example:* If the district is 75% free, 5% reduced, and 20% paid, and the district bought an oven with General Funds for \$2000, the amount that can be contributed to PLE is $\$2000 \times 20\% = \400 . They will still need to subsidize \$1600

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Allowable **Nonfederal Source Funds**

- Per-lunch reimbursements for paid lunches from state, county, districts, or others
- Funds provided by organizations designated to Paid Lunches
- Any portion of State Match that exceeds requirement

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Unallowable **Nonfederal Source Funds**

- Any payments provided to support School Breakfast or other Child Nutrition Programs
- Any payments provided to support FREE or REDUCED-PRICE meals
- A la carte revenue
- Any in-kind contributions converted to direct cash expenditures

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Unpaid Meal Charge Policy

- All SFA's should have implemented a district charge policy
- This policy MUST be provided to the State Agency during the Administrative Review
- A policy ensures that school food service professionals, school administrators, families, and students have a shared understanding of expectations in these situations. (SP 58-2016 & SP 23-2017)
- Provided to students/parents in writing annually

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Revenue from Non-Program Foods Expenditure/Revenue Requirements

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Definition of Nonprogram Food

- Foods/beverages purchased w/nonprofit school food service funds and sold *NOT* as a reimbursable meal
- Includes a la carte items, adult meals, catering, contract, vending
- This information is **REQUIRED** to be provided by a Food Service Management Company, if applicable
 - **This information will be given monthly on the FY2025 Attachment M**

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Nonprogram Food: Revenue

- Ensure that all foods/beverages sold outside reimbursable meals are priced to generate revenue that, at a minimum, will equal the cost of the foods/beverages purchased.
- Districts must determine total food costs and what proportion of that total is nonprogram food

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Nonprogram Food Report: Formula

The total amount from A la Carte + Catering + Adult meals + Contract meals + Vended foods revenue **must equal or exceed** the percentage of expenditures for these items

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Nonprogram: Food for Thought

- Charge at minimum FREE rate of reimbursement for adult/contract (*daycare, Head Start & preprimary*) meals (Lunch: Add commodities)
- Charge at minimum + 10% what a la carte/ catered/vending foods cost
- Purchase these foods from another fund— not Nonprofit School Food Service Account

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Indirect Costs

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Indirect Cost vs. Direct Cost

Indirect:


- Incurred for benefit of multiple programs, functions, or other cost objectives
- ***Not readily identified***

Direct:

- Incurred *specifically* for a program or other cost objective
- Clearly identifiable

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Examples

DIRECT COSTS

- Salaries/Benefits
- Travel
- Training
- Food / Beverage Costs
- Food Service Supplies
- Food Service Equipment

INDIRECT COSTS

- Payroll Services
- Human Resources
- Workers' Comp
- Electricity
- Gas
- Trash
- Phone
- IT Services

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Indirect Cost

- Child Nutrition must use same Indirect Cost Rate as other federal programs
- If Child Nutrition is charged an indirect cost, all other federal programs are to be charged for indirect costs for that item (that use the item such as trash)
- Must have State Agency-approved cost statement showing approved rate
 - Rate can be found on OSDE website:
<https://sde.ok.gov/documents/2011-12-16/district-indirect-costs-idc>

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Indirect Cost (cont.)

- Rate is applied to all DIRECT Child Nutrition costs (BASE PRICE) to figure total INDIRECT costs charged to Child Nutrition
 - Must use Function Code 5400
- The District cannot charge Child Nutrition a direct cost and an indirect cost for the same item

Indirect Cost Charged Example


Electric bill for the school is \$4,322 for the month

Indirect Cost rate is given by Cognizant agency (OSDE) is 5.8%

$$\$4,322 \times 5.8\% = \$250.68$$


NO MORE THAN \$250.68 CAN BE CHARGED TO NON-PROFIT SCHOOL FOOD SERVICE ACCOUNT FOR INDIRECT COST

- This is per invoice



Additional Information

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Forms in CARS: Other Documents

FINANCIAL MANAGEMENT SECTION

- OCAS Expense Tool
- CNP Expenditures (Allowable & Unallowable)
- Adult Lunch Breakfast Cost
 - Preprimary Lunch Breakfast Cost
 - Daycare Lunch Breakfast Cost
- Formula for using Nonfederal Funds (PLE)
- Nonprogram Food Price Calculator
- Nonprogram Meal Calculator

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Other Documents in CARS

<https://cnp.sde.ok.gov/oknslp/PrintDocuments.aspx>

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Who Do You Call?

Your Program Specialist:
Page C-3 in the Compliance Section Includes email, cell phone, and counties in their territory

- Conduct your Administrative Review (AR)
- Technical assistance
- Questions regarding the Child Nutrition (CN) Manual, USDA guidance, and day-to-day CN activities


Call State Office with questions 405-521-3327

- Claims
- Application & Agreement (UEI/Duns)

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QUESTIONS ?



Childnutritionprograms@sde.ok.gov

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