

Monthly Financial Report & Annual Financial Report Guidance

The Financial Status Report reflects those food service revenue source codes and expenditure function codes as reported on the district budget documents. The instructions below refer to the revenues and expenditures by budget line item code number. For additional information refer to *Kansas Accounting Handbook for Unified School Districts*. This handbook may be accessed at www.ksde.org.

Opening Cash Balance: The prior month's closing balance becomes the current month's opening balance. If a correction must be made to the Opening Cash Balance, the adjustment should be made to the earlier Monthly Financial Report where the error occurred.

Revenue:

All money received from the operation of federally funded Child Nutrition Programs must be deposited in the Food Service Fund.

1000 Local Sources:

1510 Interest on Idle Fund: Report interest revenue on interest-bearing investments.

1600 Food Service:

1611-1614 Student Receipts on Account: Report income posted to food service accounts for students. This amount is automatically computed as follows on page 2 of the Excel version of the Daily Income, Sales & Deposit Report (Form 10-A):

+ Student Accounts: Receipts, Cash & Checks (B)
+ Student Accounts: Receipts, Web Payments (C)
- Student Accounts: Refunds (F)
= **Student Receipts on Account**

1620 Adult Receipts on Account and All Cash Sales: Report income posted to food service accounts for adults. Report income from cash sales to students and adults for a la carte items including all extra milk, student guest meals, second meals served to students, and adult meals. This amount is automatically computed as follows on page 2 of the Excel version of the Daily Income, Sales & Deposit Report (Form 10-A):

+ Adult Accounts: Receipts, Cash & Checks (G)
+ Adult Accounts: Receipts, Web Payments (H)
- Adult Accounts: Refunds (J)
+ Non-Reimbursable Cash Sales (K)
= **Adult Receipts on Account and All Cash Sales**

1990 Miscellaneous Income: Report income from internal catering, food service provided on contract to another Child Nutrition Program sponsor, private grants or private donations. This amount is automatically computed as follows on page 2 of the Excel version of the Daily Income, Sales & Deposit Report (Form 10-A):

+ Misc. Sales (L)
= **Miscellaneous Income**

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3000 State Sources:

3203 State Reimbursement for Student Lunches: Report State reimbursement received during the month from prior claims submitted for the Child Nutrition Programs.

4000 Federal Sources:

4550 Federal Reimbursement for Student Meals/Snacks/Milk: Report Federal reimbursement received during the month from prior claims submitted for the Child Nutrition Programs.

Federal Grants: Report money received from Team Nutrition, the Fresh Fruit and Vegetable Program or Food Service Equipment Assistance grants.

5000 Other Sources:

The types of transfers in this section apply only to public schools. However, if a non-public sponsor, RCCI, or State-operated school transfers revenue to the nonprofit Food Service Fund, report the amount of the transfer on Line 5206 Transfer from General Fund.

5206 Transfer from General Fund: Report amounts available from the General Fund. Include transfers for the payment of adult meals, the sponsor's supplement for low adult meal charges or other gratis adults (Transfer for Low-Priced Adult Meals) and food service costs for special sponsor funded functions (Transfer for Other), paid lunch equity transfers (Transfer for PLE) as applicable.

5208 Transfer from Supplemental Fund: Report amounts available from the Supplemental Fund that will not be repaid.

5253 Transfer from Contingency Reserve Fund: Report amounts available from the Contingency Reserve Fund that will not be repaid.

Total Revenue Resources Available: Total all reported revenues.

Expenditures:

Report all expenditures made during the month for goods and services. Payments should be made by check for all purchases to provide documentation and an audit trail. Keep all cancelled checks and receipts for the current federal fiscal year plus five (5) additional years.

3100 Food Service Operation:

100 Salaries: Report amounts paid to all food service employees of the sponsor including the food service director, managers, cooks, servers, etc. Include gross salaries for services rendered while on the sponsor's payroll.

200 Employee Benefits: Report benefit amounts paid by the sponsor on behalf of employees. These amounts are not included in the gross salary, but are in addition to that amount.

210 Insurance: Report employer's share of any insurance plan.

220 Social Security: Report employer's share of Social Security paid by the sponsor.

290 Other Employee Benefits: Report employee benefits other than those classified above such as tuition reimbursement, unemployment compensation, worker's compensation, child care, etc.

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500 Other Purchased Services: Report amounts paid for services rendered by organizations or personnel not on the payroll of the sponsor. While a product may be obtained as a result of the transaction, the primary reason for the purchase is the service provided.

520 Insurance: Report expenditures for all types of insurance coverage including property, liability and fidelity.

570 Food Service Management Company: Report expenditures for contracted services associated with the food service operation including management services, food, labor and all other expenditures as indicated in the Food Service Management Company Contract.

590 Other Purchased Services: Report costs for services such as pest control, laundry, uniforms and specialized cleaning.

600 Supplies:

630 Food and Milk: Report total amount expended for food and milk for all CNP programs, special occasions, and a la carte. Cash payments for food from a petty cash fund should also be included in this amount. Cash rebates from purchases are considered reductions of expenditures and should be deducted from the current month's expenditures.

680 Miscellaneous Supplies: Report amounts paid for non-food items such as uniforms, straws, napkins, utensils, photocopies, office supplies, paper, cleaning supplies, disposable service-ware, etc.

700 Property (Equipment and Furnishings): Report amounts expended for all equipment for the operation of the food service. Include in the acquisition cost any attachments, accessories, delivery charges and set-up fees. Include expenditures for upkeep and maintenance from service contracts of existing equipment used for the food service operation. Federal regulations do NOT allow capital expenditures from the Food Service Fund.

800 Other Costs:

840 Other Direct Costs: Direct costs are incurred specifically for the food service program. Report expenditures for direct costs of operations and maintenance, license fees, registrations, in state travel, transporting food or students, mileage reimbursement, food service staff travel, bank service charges for the Food Service Fund, credit card fee for on-line payment system, and charges for returned checks.

850 Indirect Costs: Indirect costs are not readily identified with a specific program but are incurred by the school sponsor for the benefit of all programs. Costs that can be allocated to multiple programs or other cost objectives are always an indirect cost. A cost may be assigned to the nonprofit food service as a direct cost only if that cost item under the same circumstances has not been charged to other programs or cost objectives as an indirect cost. Indirect costs for food service include: utilities, all custodial services, telephone, trash, sewer, water and building maintenance. Indirect costs allow the food service to reimburse the sponsor's General Fund for a fair share of unidentifiable expenses.

The maximum allowable indirect cost amount is computed using the "rate method" as explained below.

Rate Method: Each USD's unrestricted indirect cost rate is negotiated annually by KSDE. Non-public schools, RCCIs and state operated schools use the state average unrestricted indirect cost rate. Indirect cost rates are posted on <https://cnw.ksde.org>, SNP, What's New. To determine the **maximum** amount a USD may recover from the Food Service Fund for indirect costs, multiply the USD's unrestricted indirect cost rate by the direct costs reported on the Monthly Financial Report.

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Direct costs include:

- 100 Salaries
- 200 Employee Benefits
- 520 Insurance
- 590 Other Purchased Services
- 680 Miscellaneous Supplies
- 840 Other Direct Costs

Sponsors may choose not to recover indirect costs or may recover only part of the allowable indirect cost amount.

5200 Transfers to Special Reserve Fund: Report all transfers from one fund to another including:

- 956 Disability Income Benefits Reserve
- 958 Health Care Services Reserve
- 959 Group Life Insurance Reserve
- 960 Risk Management Reserve
- 962 School Worker's Compensation Reserve

Total Expenditures: Total all expenditures reported.

Monthly Difference in Computed and Actual Bank Deposits: Refer to the Daily Income, Sales & Deposit Report (Form 10-A):

$$\begin{aligned} & \text{Sum of monthly totals of Computed Bank Deposits (N)} \\ & \text{(-) Sum of monthly totals of Actual Bank Deposits (M)} \\ & = \text{Monthly Difference in Computed and Actual Bank Deposits} \end{aligned}$$

Closing Cash Balance: Subtract Total Expenditures from Total Revenue Resources Available and report the remainder. To comply with cash basis accounting principles, the closing balance must NOT be less than \$0. **In June**, the closing cash balance must include encumbrances (i.e. unpaid purchases). This amount is carried forward to the Annual Financial Report (AFR) for the current year and becomes the Opening Cash Balance in the following year.

Reimbursable Sales & Charges (Students ONLY): Report sales and charges for reimbursable meals, after school snacks and Special Milk served to students. This amount is automatically computed as follows on page 2 of the Excel version of the Daily Income, Sales & Deposit Report (Form 10-A):

$$\begin{aligned} & + \text{Student Accounts: Reimbursable Sales \& Charges (D)} \\ & = \text{Reimbursable Sales \& Charges (Students ONLY)} \end{aligned}$$

Non-Reimbursable Sales & Charges (Students & Adults): Report sales and charges on account to adults, a la carte on account to students, non-reimbursable cash sales and miscellaneous sales. This amount is automatically computed as follows on page 2 of the Excel version of the Daily Income, Sales & Deposit Report (Form 10-A):

$$\begin{aligned} & + \text{Student Accounts: A la Carte Sales \& Charges (E)} \\ & + \text{Adult Accounts: Sales \& Charges (I)} \\ & + \text{Non-Reimbursable Cash Sales (K)} \\ & + \text{Misc. Sales (L)} \\ & = \text{Non-Reimbursable Sales \& Charges (Students \& Adults)} \end{aligned}$$

End-of-Year Balance of Uncollected Charges: Report the amount of money that is owed but has not been collected to date.