WISCONSIN SCHOOL NUTRITION in collaboration with
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SCHOOL FOOD AUTHORITIES (SFA) PARTICIPATING IN THE CHILD AND ADULT CARE FOOD PROGRAM (CACFP)

The Child and Adult Care Food Program (CACFP) is a federal USDA child nutrition program separate from the National School Lunch Program (NSLP), School Breakfast Program (SBP), Special Milk Program (SMP), and the Summer Food Service Program (SFSP). It is essential that school food authorities (SFA) track CACFP revenue and expenses separately from these other programs.

This resource provides information on requirements for tracking CACFP revenue and expenses. All other CACFP financial management requirements that must be followed by SFAs are explained in CACFP Guidance Memorandum 11.

Financial Tracking for Public Schools Only

A public SFA that participates in the CACFP At-Risk Afterschool program, Outside of School Hours program, and/or administers the CACFP at a school-operated child care center must code CACFP revenue (reimbursement) and expenditures in Fund 50 as outlined in the *WUFAR CODE EXPLANATION* resource.

Financial Tracking for Non-Public Schools Only

A non-public SFA must have an accounting system in place to track CACFP expenses and income either within a current accounting system (i.e. QuickBooks) or by using the DPI General Ledger-Independent Center or the DPI General Ledger-Sponsoring Organization. Financial records (i.e., ledgers) must be always accessible and kept on file with source documents (e.g., receipts, invoices, payroll records, etc.).

At a minimum, the agency's accounting system must:

1. Establish account codes and/or track cost categories for the different types of CACFP expenses (i.e. food, nonfood/kitchen supplies, food vendor costs (if applicable), and operational labor).
2. Track CACFP income and expenses separate from other program income and expenses.
3. Utilize one of two methods accepted by the US Generally Accepted Accounting Principles (US GAAP):
    a. Accrual system: recognizes revenues and costs when incurred and uses payables and receivables, or
    b. Cash system: recognizes revenues and costs when funds are actually received and expended.
4. Include financial records:
    a. Profit and Loss Statements
    b. General Ledgers
    c. Bank Statements

Allocation of Shared Costs for Multiple Child Nutrition Programs (CNPs)

SFAs administering multiple CNPs must use an allocation supported by actual figures. This allocation can be applied to total food, non-food, and kitchen staff labor costs to get the actual amount to charge to each respective CNP. Below are two acceptable methods to allocate costs between multiple CNPs.

Percentage Method: Base the allocation on the number of common meals served, calculated as a percentage. Example:

- 100 lunch/supper meals are served. 80 lunches are served for NSLP, and 20 suppers are served for CACFP. 80% of the cost of food, non-food, and labor are charged to the NSLP and 20% of those costs are charged to the CACFP.

DPI recommends calculating this percentage monthly, as the percentage will be determined by the total number of meals verified on the NSLP and CACFP claims.

Cost allocation cannot be applied to the following:

- Foods that are not allowable in the CACFP (i.e., grain-based desserts, cereal over CACFP sugar limits, etc.). These costs cannot be charged to the CACFP. They must be deducted from total food costs prior to allocating costs to CACFP/NSLP.
- Direct expenditures for NSLP and/or CACFP. These must be handled as a direct expense.
- Administrative Labor costs. These costs must be actual time spent and must be tracked accordingly either by using the Daily Time Log form or similar method.

Cost Method: Base the allocation on the cost of the meal served. This would require an internal vendor agreement to set a price per meal to determine the CACFP expenses. A monthly invoice supports the cost of the meals that are charged to the CACFP. This method is most commonly used when a SFA administers a child care center.

Public SFA Food Service for School Operated Child and/or Adult Care Centers (Fund 80)

Food program costs must never be charged to Fund 80. All costs must be run through the SFA's Fund 50 food service account.

Fund 80 is used to account for activities such as adult education, community recreation programs such as evening swimming pool operation and softball leagues, elderly food service programs, non-special education preschool, day care services, and other programs which are not elementary and secondary educational programs but have the primary function of serving the community. Expenditures for these activities, including cost allocations for salaries, benefits, travel, purchased services, etc., are to be included in this fund to the extent feasible.

Financial Reporting for all SFAs

All SFAs must complete the following financial reports to report CACFP revenue and expenditures to DPI:

- Annual Financial Report for the School Nutrition Team (SNT): Report CACFP revenue and expenditures for the State Fiscal Year (July 1 – June 30). These figures must be reported in the CACFP section of the report.
- Applicable CACFP Financial Report(s): Report CACFP revenue and expenditures for the Federal Fiscal Year (October 1 – September 30). Instructions are in Guidance Memo 11.

Financial records (i.e., Profit/Loss; Expenditure Report) must support the figures reported on all Financial Reports submitted to DPI.

Excess Fund 50 Balance (Public SFAs)

When a SFA incurs a surplus balance at the end of the school fiscal year in any of the federal child nutrition programs (CACFP, SFSP, SBP, SMP, NSLP), the balance must be retained in the respective USDA Child Nutrition Program Nonprofit Food Service Account (i.e., for Public Schools this is Fund 50). These funds may only be used to improve the quality of that specific child nutrition program (ex. CACFP) or to off-set expenditures incurred in the other child nutrition programs (ex. NSLP). **Under no circumstances can this balance be transferred out of the Fund 50 account or be used to offset the cost of non-USDA food service programs (i.e., A la Carte).**

No more than a six-month operating balance can be carried over into the next fiscal year. If an agency is having difficulty spending down the surplus balance, consider the following:

- Improve the quality and variety of foods offered.
- Provide additional training to staff, which can include sending staff to conferences on child nutrition related topics.
- Increase marketing of the At-Risk or Child Care meal program to increase participation.
- Determine if additional or updated kitchen equipment is needed. **Keep in mind that this cost will need to be shared with other Child Nutrition Programs which may include additional approval.**
- Transferring some of the excess balance to another Child Nutrition Program to off-set expenditures incurred in the other USDA federal food programs.

If you have questions, contact cari.muggenburg@dpi.wi.gov.