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## MEMORANDUM

TO: Business Managers and Food Service Managers  
FROM: Rosie Krueger, State Director of Child Nutrition Programs  
SUBJECT: Annual Child Nutrition Financial Report  
DATE: October 26, 2020

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The School Food Authority (SFA) Financial Reports reflecting revenues earned and costs incurred during School Year 2019-2020 (July 01, 2019 to June 30, 2020) are due in the [CNPWeb](#) system by Friday, December 4, 2020. The report has been open for several weeks, so some School Food Authorities (SFAs) have already completed the report. Starting this year, in addition to the Financial Report, SFAs will be required to submit an additional survey question to report an estimate of the percentage of locally sourced foods that were purchased for school meals programs.

To complete the report, please see the below guidance. One report should be completed for the entire SFA. All of the finances for the Child Nutrition Programs that the SFA participates in (including the School Nutrition Program (SNP), Child and Adult Care Food Program (CACFP), and Summer Food Service Program (SFSP)) should be included in the Financial Report. School Food Authorities who participate *only* in the Special Milk Program are not required to submit this report.

### **New Local Food Estimate Question for the Financial Report**

In 2019, the Vermont legislature passed Act 34, an act relating to eligibility for farm-to-school grant assistance. Among other changes, this act requires that school meals programs begin annually reporting to the Vermont Agency of Education an estimate of the percentage of locally produced foods that were purchased for these programs. To meet this requirement, please complete [this short survey](#) by December 4, 2020.

The survey asks the SFA to report an estimate of the percentage of locally produced foods purchased for the school lunch, breakfast, and summer meals program. Please report the percentage of local foods by dollar value, when compared to the value of all foods purchased for the programs. For example, if the program spent \$100,000 on food, and of that \$20,000 was on locally produced foods, you would report an estimate of 20% on the report. Use whatever definition of local your school food authority has adopted for itself. The survey should only be completed once for each School Food Authority. To avoid duplicate entries, the person completing the financial report should also complete the survey. The report also asks you how confident you are in the accuracy of your estimate – we know that for some SFAs the estimate will be more of a guess, and for other SFAs, this is a data point that is carefully tracked. Please be honest about the accuracy of your estimate – it will help us understand the accuracy of the state-wide data, and your SFA will not be penalized for your answer.



This will be a continuing annual requirement so if you do not currently have a sufficient method for estimating or tracking this information, we suggest developing a better system going forward. For assistance with selecting a tracking method or deciding how to categorize local food spending, please contact [Trevor Lowell](#), the new Farm to Institution Program Manager at the Vermont Agency of Agriculture Food and Markets.

## Purpose of Annual Financial Report

The annual Financial Report is required so that the State Agency can ensure that net cash resources are limited to three months operating expenses, as in accordance with 7 CFR § 210.19.

## Instructions for Entering the Financial Report in VTCNP Web

To enter your data, go to the Vermont [CNPWeb](#) system and click on 'Application' and then 'Financial Report.' For program year 2019-2020, click on 'Add'. Supervisory unions or school districts that consolidated effective July 1 should enter the data through your former entity application. Follow the steps below to complete your report:

1. **Net Cash Resources:** Enter Net Cash Resources from the prior school year (2018-2019).
2. **Revenue:** Enter total revenue for each source of funds.
  - a. **Student meals:** Student meals revenue includes money received for paid status child breakfasts and lunches and potentially reduced-price and paid status NSLP Afterschool Snack Service.
  - b. **Adult meals, A la carte sales, and Special events and catering** must be tracked separately from **Student meals** to adequately report and determine "Non Program Revenue."
  - c. **General fund transfers** include funds that come out of the general fund to cover any program losses or to cover end of the year accounts payable when there are not sufficient funds in the School Food Service Program account.
  - d. **General fund appropriations** are funds that are included in the annual school budget delineated for the School Food Service Program account.
  - e. Use the following codes and information to enter program revenue received from Child Nutrition in to the correct revenue categories (**State match, Federal reimbursement, and Other food service income**) on the report:
    - 3450 = State School Lunch Match from March 20th advice (State Match Payment)
    - 3452 = State Child Nutrition Breakfast Match from March 20th advice(State Match Payment)
    - 3453 = State Breakfast Adjustment (Other Food Service Income)
    - 3455 = State Summer Food Service Program Funds (Other Food Service Income)
    - 3456 = State Equipment Grant Funds (Other Food Service Income)
    - 3474 = State Additional Lunch Reimbursement (Other Food Service Income)
    - 4446 = Federal Equipment Grant Funds (Other Food Service Income)
    - 4448 = NSLP Afterschool Snack Program (Federal Reimbursement)
    - 4449 = Fresh Fruit & Vegetable Program (Federal Reimbursements)
    - 4450 = National School Lunch Program (Federal Reimbursements)

- 4451 = Special Milk Program (Federal Reimbursements)
- 4452 = School Breakfast Program (Federal Reimbursements)
- 4453 = Cash in Lieu of Commodities (Federal Reimbursements)
- 4454 = Child & Adult Care Food Program (Suppers & Snacks – Federal Reimbursement)
- 4455 = Summer Food Service Program (Federal Reimbursement)

On the **State match** line, report amounts for revenue codes 3450 and 3452 *only*. This information can be found in your March 20th advice.

3. **Costs:** Report program costs. SFAs that contract with Food Service Management Companies may enter total contract costs in 'Other Direct Costs' (for fixed-price contracts) or breakdown expenses by category if your contract has these categories broken out.
4. **Current Assets:** Enter amounts as requested to determine 'Total Current Assets.' Accounts receivable would include the total amount of money owed by students, adults and families, including cash outstanding in any PayPal or other pre-pay services.
5. **Current Liabilities:** Enter amounts as requested. This could also include money owed by students, adults and families, including cash outstanding in any PayPal or other pre-pay services.
6. **'Save'** and **'Submit'** the form.
7. The system will calculate your **Net Cash Resources**. Net cash resources that exceed three months of operating expenses require a corrective action plan. The plan must outline the intended use for the excess funds. These could include program improvements, reduction of costs to students, or other expenditures. The state agency will request a corrective action plan if your report indicates net cash resources in excess of 3 months operating expenses.
8. Maintain back-up documentation on file at your business office. Child Nutrition Staff will review this data and report during an Administrative Review and/or Procurement Review.
9. As a reminder, funds remaining in the Child Nutrition Programs account at the end of the year must be used only for the improvement and benefit of the Child Nutrition Programs; and funds remaining in the account may not be transferred from the food service account to other departments or school accounts.

**Adult meals in SFSP:** In SFSP there are program and non-program adult meals. Program adults are an allowable cost. If program adult meals were served, they should be added to the costs listed in **Costs**. There is no revenue for these meals. Non-program adult meals are not allowable costs. The SFA must either charge for these meals or have some source of non-federal revenue to cover the cost of the meals. Non-program adult SFSP revenue should be added in to the, **Revenue, Adult Meals** line.

The report must be submitted no later than December 4, 2020.

## Assistance

If you need assistance completing this report, please feel free to contact me at [mary.krueger@vermont.gov](mailto:mary.krueger@vermont.gov) or Jamie Curley at [Jamie.curley@vermont.gov](mailto:Jamie.curley@vermont.gov).