



Bookkeeper Manual

This bookkeeper manual is a reference and is not intended to be all inclusive.

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Table of Contents

BOOKKEEPING 101	4
JOURNAL ENTRIES	7
REVENUE	15
EXPENDITURES	19
INVENTORY	20
BALANCE SHEET	22
DEFINITIONS	24
YEAR-END CLOSEOUT	28

BOOKKEEPING 101

Defining Bookkeeping

The bookkeeping system refers primarily to **recording** the financial effects of **financial transactions** only. **Bookkeeping** means you record how much money has come into the business, how much has gone out, what is owned, what is owed, and whether the business is gaining or losing in value. **Bookkeeper** is the person who keeps the records.

Responsibility of a Bookkeeper

To keep a record of every transaction that occurs in the School Nutrition Program. Enter **every** business transaction into your general ledger to create a permanent financial history of the School Nutrition Program. The general ledger proves the accuracy of all transactions and exposes discrepancies such as double billings or payments. It provides an internal and external **audit trail** that will come in handy if you are called upon to explain any finances.

Journal

A **journal** is the basic tool for recording all transactions chronologically. Making a **journal entry** is the process of recording in the journal transactions that have occurred and is more formally called **journalizing**. An **account** is the place to which journal entries are transferred and recorded.

Record Keeping

Posting is the process of transferring information from journal entries to accounts. The title of the accounts are listed above two columns which resembles a capital "T", thus these accounts are called "**T-accounts**." A T-account represents a ledger account and is used to help show the effects of one or more transactions. A bookkeeping entry is either a **debit** or a **credit**.

Chart of Accounts

The first step in setting up an accounting system is to decide what needs to be kept track of. The chart of accounts is what fuels the accounting system and allows accounting records to be maintained for internal and external financial reports to be easily produced. A chart of accounts is simply a listing of the accounts in an accounting system. Every government keeps a chart of accounts to record and track specific entries. The chart of accounts is the foundation of every accounting system and provides an organizing framework for budgeting, recording, and reporting on all financial transactions.

Basis of Accounting

Refers to when revenues, expenditures, expenses, and transfers and the related assets and liabilities are recognized in the accounts and reported in the financial statements. To know "when" to do something, rules or criteria are required. The three common bases of accounting that a state or local government may use are *cash, modified accrual, and accrual*.

Basis of Accounting

Recognize transaction when cash is received or disbursed.

Revenue: measurable/earned

Expense: measurable/incurred

Revenue: measurable/earned/available

Expense: measurable/incurred, payable with current resources

Why is basis of accounting important?

Provides guidance for when an accounting transaction should be recorded in the accounting Records. External financial statements must be prepared in accordance with GAAP (**Generally Accepted Accounting Principles**)

The term can be defined as a uniform standard of guidelines for financial accounting established by the Governmental Accounting Standards Board (GASB).

Cash Basis of Accounting

Recognizes transactions when cash is received or disbursed. Even though it is used in some governments, the cash basis of accounting and reporting is not a desirable practice. Cash basis financial statements do not include assets and liabilities not arising from cash transactions (they ignore the effects of accounts receivable, accounts payable, and other accruable items). Since these items typically are significant dollar amounts, cash basis financial statements tend not to present financial position or results of operations in conformity GAAP.

Revenues are recorded when cash is received, and costs are reported when a check is written, and cash is disbursed.

The only instance in which cash basis financial statement representations are in conformity with GAAP is in the unlikely event that all **accounts receivable, accounts payable, and other accrued items** are nonexistent or insignificant.

Accrual Basis of Accounting

Recognizes transactions when they occur regardless of the timing of related cash flows. The receipt or disbursement of cash has no effect on the reporting of revenues and expenses. Revenue recognition occurs in the accounting period in which the revenue becomes “objectively measurable” and “earned”.

“Objectively Measurable” means the amount can be determined accurately. Must either know the actual amount of a transaction or be able to estimate the amount.

To “earn” revenue, it must have provided the goods or services.

Expenses are recognized in the period incurred if they are measurable. To incur an expense, the item purchased must be *received* and *consumed* (used) or the vendor must have *performed* the services.

EXAMPLES:

The SFA must receive and use the purchased consumable (e.g., office supplies) before it can report an expense for the cost of the supplies. The exterminator must have completed all work before the expense is incurred and the cost reported.

Normally, we know the amount when the invoice for the purchase of the service is received. However, if the amount is known because of a contract or the amount could be estimated, we can consider the amount as meeting the **"measurable"** criteria.

Modified Basis of Accounting

Is similar to both the accrual basis of accounting and the cash basis of accounting. Revenues are recognized when they are **earned, measurable, and available**. The requirement that revenues be available before they are recognized distinguishes the modified accrual basis of revenue recognition from the accrual basis. "Available" means that the revenue was collected during the year or will be collected soon enough after the end of the year to pay liabilities of the current period.

"Available" is interpreted in three ways:

- Collections are within a period after year-end equal to the government's normal bill paying cycle.
- Collections are within a specified, standardized period after year-end, such as **30, 60, or 90** days.
- Collections are within **12 months** after yearend (i.e. the transaction results in a current asset at year-end).

Expenditures are recognized under the modified accrual basis under certain conditions:

- When expenditures are **measurable**
- When the liability is **incurred**
- When the liability will be **liquidated(payable)** with current resources.

Comparison of the 3 Bases of Accounting

Cash:	Recognize transaction when cash is received or disbursed.
Accrual:	Revenue: measurable/earned Expense: measurable/incurred
Modified Accrual:	Revenue: measurable/earned/available Expense: measurable/incurred, payable with current resources

In most of the Georgia school districts, the SNP Fund is reported as a Special Revenue Fund, in which revenues and expenditures are recognized on the modified accrual basis of accounting. Revenues should be recognized in the accounting period in which they become measurable and available. The term "measurable" means the amount of revenue is known or can be estimated. The term "available" means that the revenue is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures should be recognized in the accounting period in which the fund liability is incurred.

JOURNAL ENTRIES

INTERNAL CONTROL PROCEDURES

The SFA's accounting and administrative internal control policies and procedures generally should include:

- Proper authorization of transactions and activities
- Adequate segregation of duties
- Adequate documentation and records
- Adequate safeguards over access and use of assets and records
- Independent verifications on performance

The following procedures are recommended to insure good internal control:

- The bank statement should be reconciled *promptly* by someone other than the person who writes checks or records the cash transactions.
- Bank reconciliations should be reviewed by an administrative officer who is not directly connected with the regular cash operations.
- Duties of employees should be structured so that the following functional responsibilities are separated:
 - Recordkeeping
 - Physical handling of cash and checks
 - Authorization of disbursements
- All blank checks should be stored under the control of someone other than the check preparer or the bookkeeper.
- Checks should be prepared by someone other than the bookkeeper.
- Vouchers should be approved for payment before checks are written by someone other than the preparer.
- The check signing function should be assigned to someone other than the person who prepares the voucher for payment.
- Prepared checks should be reviewed by someone other than the preparer before the signature is affixed.
- The signature of the superintendent, or some other official not directly associated with the cash records, should be required on all checks.
- If a signature plate is used, control of the plate should be maintained by someone independent of cash records.
- All signed checks should be mailed promptly by employees other than those having access to cash and cash records.
- The responsibilities of purchasing and approving purchases should be separated from the receiving and storing of goods.

The procedures adopted by the SFA should be in writing and made available to all personnel involved, as well as to state or independent auditors. Periodically, actual accounting practices should be monitored to assure compliance with the established internal control procedures.

Importance of Accounts Receivables

Records Revenue in the Month Earned; Creates True Picture of Financial Position

Revenues which are earned but not received by the end of a month must be accrued. An accounts receivable entry is posted, by school, to record the revenue. The following entry will be required for the month's breakfast and lunch accrued revenue:

<u>Description</u>	<u>Account No.</u>	<u>DR</u>	<u>CR</u>
Intergovernmental accts receivable	601-0000-0141	\$ 500	
SNP Grants, Lunch (All federal funds except breakfast)	601-9990-4510		\$ 350
SNP Grants, Breakfast (All federal breakfast funds)	601-9990-4511		\$ 150

To record lunch and breakfast revenue for September

All receivables for earned revenues from sources other than governmental agencies should be debited to account 0153, Accounts Receivable.

In the succeeding accounting period, when the check is received for the accounts receivable amount, the following entry should clear the balance in the receivable account, unless there is other revenue not yet collected. For example:

<u>Description</u>	<u>Account No.</u>	<u>DR</u>	<u>CR</u>
Cash in bank	601-0000-0101	\$ 500	
Intergovernmental accts receivable	601-0000-0141		\$ 500

To record receipt of September lunch and breakfast revenue

State reimbursement is not normally accrued since the funds are usually received during the month when due. However, if the State reimbursement for a month has not been received before the last day of the month, it should be accrued in the accounting records.

Assets	Liabilities	Revenues	Expend/Expenses	Fund Balance
Cash	Accounts Payable	State, Local, and Federal Sources	Salaries and Wages	Unreserved Fund Balance
Sales Tax Collected	Accrued Salaries, Wages, and Benefits	Student and Adult Sales	Employee Benefits	Reserved for Inventory
Investments	Due to Other School District Funds	Nonprogram Food Sales	Purchased Food Products	Reserved Fund Balance
Accounts Receivable	Deferred Revenue	Miscellaneous Other Revenue	USDA Foods Used	
Funds Due from Federal, State, and Local Sources	Sales Tax Owed	Interest	Supplies	
Investments	Notes Liabilities	Fund Transfer-In	Equipment	
Noncurrent Assets	Other Liabilities	Contracted Meal Sales	Purchased Services	

Importance of Accounts Payables

- Properly Accounts for Expenses in Month Incurred
- Creates True Picture of Plate Costs
- Expenditure

Expenditures are to be recorded in the accounting records when they are incurred. Incurred means that the goods and services have been received and will be paid for from current resources. Past due amounts that should be payable from current resources are included in the definition. Invoices should be recorded in the appropriate expenditure accounts when received, or at least weekly. In all instances, invoices must be recorded by the end of the month. The expenditure is offset by an accounts payable credit. In the illustrated journal entries that follow, special revenue fund 601 is used; SFAs would use the account code assigned to the SNP special revenue fund.

<u>Description</u>	<u>Account No.</u>	<u>DR</u>	<u>CR</u>
Supplies	601-9990-3100-61000	\$ 100	
Accounts payable	601-0000-0421		\$ 100

To record purchase of supplies for SNP

When the vendor check is written (either in the current month or in a later month), the accounts payable amount is cleared:

<u>Description</u>	<u>Account No.</u>	<u>DR</u>	<u>CR</u>
Accounts payable	601-0000-0421	\$ 100	
Cash in bank	601-0000-0101		\$ 100

To record payment of supplies invoice

Journal Entries

CHANGE FUNDS

When a change fund is desired at a school cafeteria, a check is written to the person who will be responsible for the funds with the notation "change fund." For example:

Jane Doe

Change Fund for Pinetree Elementary

The person to whom the check is issued is responsible for the use and safe keeping of the change fund. The accounting entry to record the check is as follows:

<u>Description</u>	<u>Account No.</u>	<u>DR</u>	<u>CR</u>
Change fund	601-0000-0104	\$ 200	
Cash in bank	601-0000-0101		\$ 200

To record establishment of change fund at Pinetree Elementary

The check is cashed, and the change fund is established. The change fund must always be kept in a secure locked storage place when not being used for making change. At the end of the fiscal year (June 30) it is necessary to return the cash to the bank account. The accounting entry to record the deposit is as follows:

<u>Description</u>	<u>Account No.</u>	<u>DR</u>	<u>CR</u>
Cash in bank	601-0000-0101	\$ 200	
Change fund	601-0000-0104		\$ 200

To close change fund at Pinetree Elementary

CONTRACTED MEALS

When an SFA provides meals on a contracted basis (such as to Head Start), an invoice should be issued at month-end for the total amount due for the meals. The invoice should be recorded in the accounting records before the books are closed at month end as follows:

<u>Description</u>	<u>Account No.</u>	<u>DR</u>	<u>CR</u>
Accounts receivable	601-0000-0153	\$ 750	
Contracted meals	601-9990-1623		\$ 750

To record billing for contracted meals

When the payment is received from the contracting agency and deposited, it should be recorded as follows:

<u>Description</u>	<u>Account No.</u>	<u>DR</u>	<u>CR</u>
Cash in bank	601-0000-0101	\$ 750	
Accounts receivable	601-0000-0153		\$ 750

To record receipt of contracted meals payment

DAILY CAFETERIA RECEIPTS

Each day, the cafeteria receipts for student income, adult income and supplemental sales income should be verified and recorded by category. The funds should be deposited daily, and the deposit slips retained with the income records for documentation, along with the daily cash report. The daily cash receipts should be verified by more than one person (for example, the manager and the cashier).

It is recommended that a weekly form be developed, which lists the daily receipts by account. This form should be submitted to the central office each week, along with copies of deposit slips which verify deposit of the total collections each day. A weekly total by account should be shown and should balance to the sum of the daily totals. The weekly total should be recorded in the accounting records, using the dates in the description of the transaction as follows:

<u>Description</u>	<u>Account No.</u>	<u>DR</u>	<u>CR</u>
Cash in bank	601-0000-0101	\$ 2,315.50	
Student sales (breakfast & lunch)	601-9990-1611		\$ 1,408.25
Supplemental sales (breakfast & lunch)	601-9990-1621		\$ 231.75
Adult sales (breakfast & lunch)	601-9990-1622		\$ 675.50

To record deposit of SNP revenue for the week of mm/dd/yy - mm/yy/dd for Pinetree Elementary

When a school has charged meals for students and/or adults, a record should be kept of the charged meals and collections should be made on a regular basis.

INTEREST EARNED

Interest earned on SNP investments or checking accounts must be credited as revenue in the SNP fund. The entry to record the revenue is:

<u>Description</u>	<u>Account No.</u>	<u>DR</u>	<u>CR</u>
Cash in bank	601-0000-0101	\$ 79	
Earnings on investments/deposits	601-9990-1500		\$ 79

To record interest earned

When the interest amount is known but not received by the end of the month (such as with a maturing certificate of deposit), the amount should be accrued before closing the books for the month.

An example of the entry to record the revenue accrual is:

<u>Description</u>	<u>Account No.</u>	<u>DR</u>	<u>CR</u>
Interest receivable	601-0000-0114	\$ 115	
Interest earned	601-9990-1500		\$ 115

To record interest earned but not received

INVESTMENTS

An SNP fund may have sufficient cash available for investments such as time deposits, savings certificates, etc. It is lawful to invest in securities of the state, United States, municipalities of the state or bank certificates of deposit (insured by F.D.I.C.). Investment in credit unions is not allowable.

Note: Any investment more than \$250,000.00 (until 12/31/2013) must be collateralized at 110% by the financial institution. The collateralized instruments should be pledged in the name of the LUA. See chapter 36, Managing Cash, and Investments, for a detailed discussion of authorized investments.

When an investment is purchased, the transaction is recorded as follows:

<u>Description</u>	<u>Account No.</u>	<u>DR</u>	<u>CR</u>
Investments	601-0000-0111	\$ 20,000	
Cash in bank	601-0000-0101		\$ 20,000

To record investment in a certificate of deposit

At the time an investment matures, the transaction should be recorded in the accounting records, regardless of whether it will be "rolled over," re-purchased or retained in the checking account. Assume that the above \$20,000 certificate of deposit (CD) matures and the SFA receives a check or has its bank account automatically credited in the amount of \$20,600, which includes \$ 600 interest. The entry to record the automatic credit or the deposit in the SFA's bank account is as follows:

<u>Description</u>	<u>Account No.</u>	<u>DR</u>	<u>CR</u>
Cash in bank	601-0000-0101	\$ 20,600	
Investments	601-0000-0111		\$ 20,000
Earnings on investments/deposits	601-9990-1500		\$ 600

To record maturity of CD

If the money is not re-invested, no further entry is required. If a check is written for a new investment, an entry would be made to debit the investment account and credit the bank account; however, if the SFA allows the bank to "roll over" the investment and the accumulated interest, an entry to record the interest earned through the date of maturity would be needed as follows:

<u>Description</u>	<u>Account No.</u>	<u>DR</u>	<u>CR</u>
Investments	601-0000-0111	\$ 600	
Earnings on investments/deposits	601-9990-1500		\$ 600

To record interest on re-investment of CD

Interest earned on any investment is always recorded in the Earnings on Investments or Deposits revenue account (1500). Federal regulations require that interest earned by SNP deposits or investments must be credited to the SNP fund and used only for the operation or improvement of the SNP program.

PREPAID MEALS

When students pay in advance for meals, the revenue should be recorded as student income, Student sales: breakfast and lunch programs. Example:

<u>Description</u>	<u>Account No.</u>	<u>DR</u>	<u>CR</u>
Cash in bank	601-0000-0101	\$ 275	
Student sales Lunch	601-9990-1611		\$ 200
Student sales Breakfast	601-9990-1612		\$75.00

To record revenue for prepaid meals

Note: Systems may choose to combine and record breakfast and lunch sales in account 1611.

It is necessary that a separate record be maintained, by student, to track the prepayments and the meals applied against each student's account.

There are several vendors offering services for managing prepaid meal accounts.

RETURNED CHECKS

When a check is returned by the bank for insufficient funds, it is necessary to record a transaction to reduce the bank balance. The SFA has the option to reduce the revenue account to which the original deposit was credited or to establish an accounts receivable.

Assume a \$20.00 check for student meals is returned. If the SFA chooses to reduce revenue, the entry is as follows:

<u>Description</u>	<u>Account No.</u>	<u>DR</u>	<u>CR</u>
Student sales: (breakfast & lunch)	601-9990-1611	\$ 20	
Cash in bank	601-0000-0101		\$ 20

To record returned check

When the money is received to replace the check, it will be credited to Student sales: breakfast and lunch program revenue account, as usual.

If the SFA chooses to establish an accounts receivable, the entry is as follows:

<u>Description</u>	<u>Account No.</u>	<u>DR</u>	<u>CR</u>
Accounts receivable	601-0000-0153	\$ 20	
Student sales: (breakfast & lunch)	601-9990-1611		\$ 20

To set up accounts receivable for returned check

When the money is received to replace the check, it will be necessary to clear the accounts receivable balance, as follows:

<u>Description</u>	<u>Account No.</u>	<u>DR</u>	<u>CR</u>
Cash in bank	601-0000-0101	\$ 20	
Accounts receivable	601-0000-0153		\$ 20

To record replacement of returned check

NOTE: A detailed listing must be maintained for the accounts receivable account. The total of the detailed listing must agree with the total of the accounts receivable account in the general ledger.

Collection of returned checks may be contracted with a private vendor in return for service fees.

REVENUE

SUMMER SALARIES

If SNP employees are paid over a twelve-month period for work performed only during the school year (or any period of time less than twelve months), it is necessary to accrue the portion of earned salaries which is "deferred," or set aside to be paid during the summer, as well as the corresponding employee benefits.

The steps for determining the amount of salaries and benefits to accrue are as follows:

1. Calculate the **earned** salaries, based upon the number of hours each employee worked during the current month.
2. Determine the gross salaries which will be **paid** on the monthly payroll.
3. The difference between **earned** salaries and the **paid** gross salaries is to be recorded as an expenditure in the current month, with an offsetting credit entry to salaries and benefits payable. Also, the related employee benefits are to be recorded as expenditures with an offsetting credit entry to the salaries and benefits payable.

The entries to record accruals for the month are shown in the following example:

<u>Description</u>	<u>Account No.</u>	<u>DR</u>	<u>CR</u>
SNP cafeteria salaries	601-9990-3100-18400	\$ 715.00	
Matching F. I.C.A.	601-9990-3100-22000	\$ 54.70	
Matching teacher ret.	601-9990-3100-23000	\$ 38.97	
Salaries and benefits payable	601-0000-0422		\$ 808.67

To record deferred salaries and benefits for SNP personnel

In the months of December and June, it is likely that the total amount **earned** for the month might be less than the gross salary **paid** for the month, because of the low number of hours worked. When this occurs, a negative amount may appear in the deferred (accrued) salary column. This amount will be entered as a debit to accounts payable rather than a debit to expenditures which will decrease the accounts payable account. The same principle applies to the matching cost of employee benefits which is relative to the negative salaries amount.

TRANSFER OF FUNDS

If it becomes necessary to transfer funds between schools within the SNP Fund, the transaction should be recorded in the accounting records as a "transfer out" for the contributing school and a "transfer in" for the receiving school.

Assume that the middle school is transferring money to the high school within the SNP fund. (No check is written.) The middle school is fund 603 and the high school is fund 604. The appropriate accounting entry is as follows:

<u>Description</u>	<u>Account No.</u>	<u>DR</u>	<u>CR</u>
Operating transfers to other funds	603-5000-9300	\$ 100	
Cash in bank	603-0000-0101		\$ 100
Cash in bank	604-0000-0101	\$ 100	
Operating transfers from other funds	604-5000-5200		\$ 100

To record transfer of funds the middle and high schools

REVENUE

Revenues are increases in assets that result in increasing fund equity.

Revenues increase either cash or receivables.

Revenues increase fund balance in governmental funds.

USDA mandates accountability for management of revenue by monitoring all revenue received, how revenue is dispersed, and that revenue is sufficient to ensure program sustainability.

Local Revenue Sources

The amounts entered in this section are the **monthly totals** obtained from your accounting records.

1500 Investment Income: Enter the amount of income from investments from Revenue Source 1500.

1621 Non-Reimbursable Sales: Enter the income for Non-Reimbursable Sales from Revenue Source 1621.

1622 Adult Sales: Enter the income for adult meals from revenue source 1622.

1623 Contracted Sales: Enter the income from Contracted Sales from revenue source 1623.

1700 - 1999 Other: Enter all other cash income (sale of assets, jury duty, fees, etc.) from revenue sources

1700 - 1999. Income received from students for a second meal is to be reported as other income.

1611 Lunch: Enter the amount of income for reimbursable student lunches from Revenue Source 1611.

1612 Breakfast: Enter the amount of income for reimbursable student breakfasts from Revenue Source 1612.

1613 Snack: Enter the amount of income for reimbursable student snack from Revenue Source 1613.

1614 Special Milk: This program is available only to schools which do not participate in either the school lunch or breakfast programs. Enter the income for Special Milk from Revenue Source 1614

Local			
1500 Investment Income :	<input type="text" value="0.00"/>	Student Revenue :	<input type="text" value=".00"/>
1621 Non Reimbursable Sales :	<input type="text" value="0.00"/>	1611 Lunch :	<input type="text" value="0.00"/>
1622 Adult Sales :	<input type="text" value="0.00"/>	1612 Breakfast :	<input type="text" value="0.00"/>
1623 Contracted Sales :	<input type="text" value="0.00"/>	1613 Snack :	<input type="text" value="0.00"/>
1700-1999 Other :	<input type="text" value="0.00"/>	1614 Special Milk :	<input type="text" value="0.00"/>
		Total Local Revenue :	<input type="text" value=".00"/>

State Revenue Sources

3510 Salary Supplement: Enter the state funds income from Revenue Source 3510.

3995 Other State Agencies: Enter the Other State Agencies income from Revenue Source 3995.

State			
3510 Salary Supplement :	<input type="text" value="0.00"/>	3995 Other State Agencies :	<input type="text" value="0.00"/>
		Total State Revenue :	<input type="text" value=".00"/>

Federal Revenue Sources

4510 Lunch Reimbursement: Enter the **federal** reimbursement for lunches from Revenue Source 4510.

4512 CACFP Reimbursement: Enter the **federal** reimbursement from Revenue Source 4512.

4520: 4899, 4995 Other: Enter the **federal** reimbursement from Revenue Sources 4520: 4899, 4995.

4511 Breakfast Reimbursement: Enter the **federal** reimbursement from Revenue Source 4511.

4513 Snack Reimbursement: Enter the **federal** reimbursement from Revenue Source 4513.

4900 USDA Food Received: Enter the **federal** revenue from Revenue Source 4900.

Federal			
4510 Lunch Reimbursement :	<input type="text" value="153769.00"/>	4511 Breakfast Reimbursement :	<input type="text" value="0.00"/>
4512 CACFP Reimbursement :	<input type="text" value="0.00"/>	4513 Snack Reimbursement :	<input type="text" value="0.00"/>
4520- 4899,4995 Other :	<input type="text" value="0.00"/>	4900 USDA Food Received :	<input type="text" value="0.00"/>
		Total Federal Revenue :	<input type="text" value="153769.00"/>

Other

5200 - 5299 Transfer In: Enter transfers from other funds or other schools from function 5000 Revenue Source 5200 - 5299.

5300 - 5995 Other: Enter other funds from Revenue Source 5300 - 5995.

Other			
5200-5299 Transfer In :	<input type="text" value="0.00"/>	5300-5995 Other :	<input type="text" value="0.00"/>
		Total Other Revenue :	<input type="text" value=".00"/>
		Revenue Grand Total :	<input type="text" value="153769.00"/>

EXPENDITURES

100 - 299 Labor: Enter the labor expense from objects 100-299.

630 Purchased Food: Enter the purchased food from object 630.

635 USDA Food Received: Enter the Food Received-USDA from object 635.

730 - 735 Equipment > \$5,000: Enter the equipment cost from objects 730 - 735.

300 - 879 Others (Except 630, 635, 730-735, & 880): Enter expenditures from objects 300 through 879, except for purchased food, USDA food received, equipment and indirect cost.

930 Transfer Out: Enter transfers to other funds or other schools from function 5000, object 930.

Expenditure	
100-299 Labor :	21510.66
630 Purchase Food :	0.00
635 USDA Food Received :	0.00
730-735 Equipment >\$5000 :	0.00
300-879 Others (Except 630,635 & 880) :	6675.14
880 Indirect Costs :	0.00
930 Transfer Out :	0.00
Total Expenditure	28185.80

INVENTORY

FOOD INVENTORY

If single inventory is selected in the School Approval Module in SNO, the USDA food inventory fields will be “grayed” out and not available for data entry. For Single Inventory, USDA information should be combined with purchased and entered in the purchased inventory fields.

PURCHASED

Beginning Inventory: this value is rolled over from the Ending Inventory field in the previous month.

Purchased Food Received: enter the monthly amount from Purchased food (object 630) from the trial balance or general ledger. (Include 635 if on single inventory.)

Transfers In (+): Enter the value of food transferred into the school.

Transfers Out (-): Enter the value of food transferred out of the school Inventory Adjustment (+)
Enter positive adjustments when necessary.

Inventory Adjustment (-): Enter negative adjustments when necessary.

Breakfast Usage: Enter value of food used for breakfast for reporting month. If system utilizes DE Form 0112, the value will be found on that form.

Snack Usage: Enter value of food used for Snack Program for reporting month. If system utilizes DE Form 0113, the value will be found on that form.

Non-Reimbursable Food Cost: Enter the total of non-reimbursable food and milk used from column 4 of the production record for Non-Reimbursable foods, DE Form 0120.

Ending Inventory: Enter the total ending inventory of purchased foods from column 8 of the *Monthly Inventory of Purchased Foods* (DE Form 0115). (Include USDA ending inventory from DE Form 0116 if on single inventory.)

If system is not on Single Inventory, follow the steps above for USDA Food inventory.

Purchased Food Inventory		USDA Food Inventory	
Beginning Inventory :	27706.08	Beginning Inventory :	0.00
Purchased Food (+) :	0.00	USDA Received Food (+) :	
Transfers In (+) :	0.00	Transfers In (+) :	
Transfer In Inventory Change :	0.00	Transfer In Inventory Change :	
Transfers Out (-) :	0.00	Transfers Out (-) :	
Transfer Out Inventory Change :	0.00	Transfer Out Inventory Change :	
Adjustments (+) :	0.00	Adjustments (+) :	
Adjustments (-) :	0.00	Adjustments (-) :	
Total Adjustments :	.00	Total Adjustments :	
Breakfast Usage :	0.00	Breakfast Usage :	
Snack Usage :	0.00	Snack Usage :	
Lunch Usage :	-439.71	Lunch Usage :	
Non-Reimbursable Food Costs :	0.00	Non-Reimbursable Food Costs :	
Total Food Usage :	-439.71	Total Food Usage :	
Ending Inventory :	28145.79	Ending Inventory :	
Food Cost Per Lunch Plate :	-.01	Food Cost Per Lunch Plate :	

BALANCE SHEET

BALANCE SHEET TAB

The amounts reported in this section are the year-to-date balances from the accounting records. A negative cash balance must be entered with a minus (-) sign.

Assets

- 0101 - 0103 Cash:* Enter the account balance in **Cash In Bank** from accounts 0101 - 0103.
- 0114 - 0153 Accounts Receivable:* Enter the combined account balances from account 0114 - 0153.
- 0171 Value Purchased Food Inventory:* Enter the account balance from account 0171.
- 0173 Value USDA Food Inventory:* Enter the account balance from account 0173.
- 0111 Investments:* Enter the account balance in from account 0111.
- 0104 Change Fund:* Enter the account balance from account 0104.
- 0174 - 0199 Other:* Enter the account balance from accounts 0174 - 0199.

Assets			
0101- 0103 Cash :	660157.02	0111 Investments :	0.00
0114-0153 Accounts Receivable :	153769.00	0104 Change Fund :	0.00
0171 Value - Purchased Food Inventory :	28145.79	0174-0199 Other :	0.00
0173 Value - USDA Food Inventory :	0.00		
		Total Assets :	842071.81

Liabilities

- 0401 - 0421 Accounts Payable:* Enter the total account balances from Accounts payable 0401 - 0421
- 0499 Other Liabilities:* Enter the total account balance from account 0499. 0422
- Accrued Salaries/Benefits:* Enter the total account balance from account 0422.

Liabilities			
0401-0421 Accounts Payable :	0.00	0422 Accrued Salaries/Benefits:	38920.97
0499 Other Liabilities :	0.00		
		Total Liabilities :	38920.97

Fund Balance

753- 790 Reserved Fund Balance: Enter the total account balance from Accounts 753: 790.

0751 Reserved for Inventory: Enter the total account balance from Account 0751. Value should equal the total of Purchased Food Ending Inventory 0171 and USDA Ending inventory 0173 for reporting month.

NOTE: After the Form DE0106 Financial data has been submitted, it must be printed and retained for audit/review purposes.

Fund Balance			
753-790 Reserved Fund Balance :	0.00	0751 Reserved For Inventory	28145.79
740 Unreserved Fund Balance :	775005.05		
		Total Fund Balance :	803150.84

DEFINITIONS

TERMS	DEFINITION
Accountability	Responsibility to deliver what is expected and willingness to bear the consequences for failure to perform as expected.
Accounts Payable	The amount the school nutrition program owes, but has not yet paid, for goods delivered and services rendered (unpaid bills).
Accounts Receivable	The amount of funds the school nutrition program has earned, but not yet collected, for services provided. Examples include meal reimbursements due from state and federal sources and payments due from customers for such services as catering special school events, outside sales, and contract meals.
Afterschool Care Snacks	Reimbursable snacks served in an afterschool care program operated by a school or school district that participates in the National School Lunch Program.
A la Carte Sales	The overall category for food items that are priced separately and sold separately from a reimbursable meal.
Allowable Cost	Expenses that are readily identifiable as costs applicable to the school nutrition program.
Assets	Something of value held by the school nutrition program for use in carrying out its mission. Examples include cash (including petty cash and cash in cashiers' drawers); accounts receivable (due from customers, from units of government, etc.); inventories of purchased food, USDA Foods, and supplies; equipment and other capital assets; etc.
Assigned	Funds allocated for a specific purpose and already encumbered.
Attendance Factor	The average number of students present at school expressed as a percentage.
Average Daily Attendance (ADA)	The average number of students attending school(s) on a daily basis, less students without access to an offered meal service.
Average Daily Participation (ADP)	The average number of student reimbursable meals served in the school nutrition program on a daily basis.
Bonus USDA Foods	Foods provided to schools as they are available from surplus agricultural stocks.
Break even	The point at which expenditures and total revenue are exactly equal. It can be expressed as dollars or a percent of revenue.
Budget	A business entity's financial management plan for a specified future period, generally a fiscal year. The budget systematically considers the entity's planned activities and objectives, forecasts the costs the entity must incur in carrying out those activities, and identifies the revenues projected to cover those costs. Formulating and executing a cost the entity must incur in carrying out those activities, and identifies the revenues projected to cover those costs. Formulating and executing a budget enables a business entity to achieve its objectives (in the case of school nutrition programs, providing quality meals) while living within its means.

Capital Assets (Capital Equipment)	Equipment, technology hardware (e.g. computers or network equipment), software, vehicles, or furniture that is tangible personal property with a unit acquisition cost at or above a stated dollar amount, called the capitalization threshold, and a useful life greater than one year. The business entity sets the capitalization threshold.
Communication	The exchange of ideas, messages, and information by speech, signals, writing, or behavior.
Competitive Foods	All foods and beverages sold to students on the school campus during the school day, other than those meals reimbursable under programs authorized by the National School Lunch Program and Child Nutrition Act.
Cost Controls	The systems and procedures established by a business entity to provide reasonable assurance that: (1) assets and information are protected and used only for authorized purposes; and (2) reports submitted to management are complete, timely, and free of material misstatement. Examples may include restricted access to cash, computers, and other assets and review of invoices by someone other than the disbursing official before they are approved for payment.
Cost of Food Used	The value or cost of food used in a specific accounting period.
Deferred Income	A liability account that represents revenues collected before they become due. An example of this is revenue received as prepayment for school meals.
Encumbrances	The amount of money (fund balance) reserved for outstanding purchase orders and unpaid bills. It functions as a fund control device.
Entitlement USDA Foods	The level of donated food assistance mandated by federal laws and offered to schools based on the number of reimbursable lunches served during the previous school year.
Ethics	Principles of right or good conduct.
Expenditures	Those allowable costs that can be identified specifically with the production and service of meals to school children.
Federal Revenue Sources	Payments received from federal funds for reimbursable meals, afterschool care snacks, suppers, grants, and cash in lieu of USDA Foods (7 CFR 240.5). The value of USDA Foods received is also considered a federal revenue source.
Financial Goals/Objectives	Framework for making deliberate financial decisions that enable the school nutrition program to better manage finances.
Financial Reporting	The means of communicating financial information to users. Examples are the Statement of Activities and the Statement of Net Position.
Financial Integrity	Maintaining a fiscally sound school nutrition program by continually monitoring and analyzing the revenue and expenditures of the program.
Financial Management Information System (FMIS)	A standard system of data collection and financial analyses that can be used as a management tool and to evaluate financial management decisions.

Forecasting	The process of analyzing current and historical data to determine future trends. An example is monitoring current revenue and expenditures of a school nutrition program and studying trends that will impact both.
Fringe Benefits	Compensation for employees that is in addition to salaries/wages, such as health insurance, retirement, or paid vacation.
Fund Balance	As reported on Statement of Net Position: Assets – liabilities = Fund Balance. Fund balance includes unassigned funds that are available to spend as well as assigned funds designated for encumbrances.
Indirect Costs	The school nutrition program's share of general school districts' costs that are incurred for common or joint purposes and cannot be readily identified as a direct cost. Indirect costs include the costs of the Superintendent's office, human resources, payroll, accounting, budgeting, purchasing, utilities (light, heat, etc.), building maintenance and report, auditing, etc. Such costs benefit all activities of the school district, and the portion that benefits any specific activity, such as food service, is generally determined through a mathematical allocation process.
Inventory	The value of food and supplies on hand, whether at the food preparation site or in a central warehouse or facility, that are being held for future use.
Liabilities	The amounts legally owed to others, generally as payment due for goods or services received. Liabilities may be short- term (due and payable in the current accounting period) or long-term (payable over a longer period of time) liabilities incurred in school nutrition program operations are generally short-term; they may include accounts payable, accrued personnel costs (salaries, wages, and fringe benefits), unearned revenue (amounts received in advance for meals and other services), taxes owed, and funds due to other entities (such as the General Fund).
Meal Equivalent	Conversion of different meal services -snacks, breakfasts, suppers, lunches, and nonprogram food sales- to the equivalent of a reimbursable student lunch. All reimbursable lunches and suppers served to children and full paid adult lunches are considered to be one meal equivalent. In some state agencies, adult lunches may be recorded as nonprogram food sales. NOTE: The Food and Nutrition Service (FNS) and USDA do not prescribe one method in order to calculate meal equivalency.
Meals Per Labor Hour (MPLH)	The most common measure of productivity in school nutrition, calculated by dividing the number of meal equivalents produced and served in a day by the number of paid labor hours.
Meal Reimbursement	A federal cash payment received from the state agency for snacks, breakfast, lunch, and supper that meet federal standards and are served to eligible children.
Noncurrent Assets	A category of fixed assets, also known as tangible assets or property, plant, and equipment, that cannot be easily converted into cash.
Nonprogram Food Sales	Foods, including beverages, that are sold in a participating school, other than a reimbursable meal, and are purchased using funds from the School Food Authority; include, but are not limited to a la carte items sold in competition with school meals, adult meals, items purchased for fundraisers, vending machines, school stores, etc. and items purchased for catering and vended meals.

Non-spendable Assets	A category of program assets not in spendable forms e.g.. inventories, furniture and equipment, less depreciation.
Operational Costs	Costs directly attributable to the production and service of meals and other foods in the school nutrition programs.
Operating Ratios	An analysis of financial data in terms of relationships to measure the efficiency of the operation of the school nutrition program. Expenditures as a percentage of revenue (food cost percentage) are an example of an operating ratio.
Productivity	The rate at which goods or services are produced, especially output per unit of labor.
Rebate	Money received from a company as an incentive to use a product. If the rebate is received during the year in which the food is purchased, it is recorded as a reduction to food costs. Rebates from the prior school year are recorded as revenue.
Reduced Price Meals	Meals served to students who are eligible to receive reduced price meal benefits under USDA eligibility guidelines.
Revenue	Money received in exchange for goods or services provided by the school nutrition program.
School Food Authority (SFA)	The local governing body that has the legal authority for the administration of USDA school nutrition programs.
Special Functions	Meals or refreshments provided to groups outside the school nutrition program. Examples are athletic banquets, faculty functions, and PTA/PTO refreshments.
Stakeholder	Individuals or groups that have a strong interest in the success of the school nutrition program's services.
State Matching Funds	State appropriated revenue that is required by USDA to be paid to school districts for use in the school nutrition program.
Statement of Activities* (Statement of Revenues and Expenditures)	The financial report of all revenues and expenditures earned and expended for a given period of time. The report tells program administrators whether the school nutrition program is operating with a gain or at a loss for the reporting period.
Statement of Net Position* (Statement of Net Assets)	A financial statement that reflects the financial position of the operation on any given day; also known as a Balance Sheet.
Unassigned* (Unreserved/Undesignated)	Funds that have not been allocated and are available for new expenditures not already encumbered.

- Transfer In/Transfer Out: Run appropriate reports to reconcile the Transfer In (5200) and the Transfer Out (5000-930) accounts.
- Review Trial Balances or General Ledger for posting errors. Make appropriate Journal Entries to correct any error found.

Remember:

- Ending inventory, Purchased and USDA are posted monthly.
- USDA Received Food Value is posted monthly.
- Submit a June and July DE106 Financial report even if there is not any June or July activity.
- You will still have cash on hand as well as inventory that will need to be reported.
- Have SNP Manager redeposit change fund, created at the beginning of the school year, with a separate deposit and record necessary journal entry.