Texas Department of Agriculture

Forms | NSLP | Financial Report
Updated December 2020

Preparing for the NSLP Financial Report

All Contracting Entities (CEs) must ensure that the reported data accurately reflects the CE's financial operations for the 2019-2020 fiscal period reported.

For compliance guidance on Financial System information, please refer to the NSLP Administrative Reference Manual (ARM) Section 16 at the Texas Department of Agriculture's (TDA) website at www.squaremeals.org.

To assist the CE, detailed instructions are provided, to incluce ARM references, relevant definitions, clarified object codes information, and list of required documents. These required documents are listed below and will be referenced and/or submitted with the completed Financial Report. **The NSLP Financial Report is due March 31, 2021.**

The NSLP Financial Report is used to assess the financial management of the non-profit school food service account for the National School Lunch Program (NSLP) (includes Seamless Summer Option), School Breakfast Program (SBP), School Milk Program(SMP) and At-Risk CACFP program funds. The funds typically include funds for the 240, 701, or 101 funds. Special Revenue Fund 242 will also need to be accounted for in this report if funds were transferred into the 240, 701 or 101 funds.

The NSLP Financial Report has been consolidated to include other portions of managing the non-profit school food service account and review of the requested financial documents. For example, the NSLP Financial Report will include questions related to a CE's Excess Fund Balance and the Paid Lunch Equity (PLE) tool. The PLE tool will be referenced to obtain information regarding the weighted lunch price.

It should also be noted that some questions are conditioned based on the CE's answer and the question number may seem out of order. This is designed by conditions as they are applicable to the CE.

Strategic stopping points are also included in the form. These points are programmed to ensure your information is saved and you can resume when and if more time is needed. At the stopping point, click save, and an email will be sent to your email address with an edit link option. Utilize this edit link to return to your stopping point to resume the NSLP Financial Report. You may save and return to the NSLP Financial Report as many times as needed for completion and timely submittal.

If a CE's financial information indicates that an excessive fund balance (more than 3 months operating expenses) exists, the NSLP Financial Report will link to the Excessive Operating Fund Balance Plan form. This form will not require the CE to re-enter information, however, it will require the CE to create a plan to spend down the excessive fund balance. Once submitted, the CE will receive an email either approving or requesting additional information regarding the plan. If a CE has already submitted an excessive fund balance plan and has received approval, the CE will be required to upload the approved plan.

All questions must be answered but may not be applicable. For Residential Child Care Inst itutions (RCCI) & private schools may have areas that are not applicable. For areas that are required but not applicable, enter zero.

When entering your financial information, please do not enter dollar signs nor commas. Decimals are acceptable.

Questions with a red asterisk are required (*) and will not allow you to proceed without answering these questions. The documents below will assist in answering those types of questions.

Some questions are conditioned to require an upload of the document that is requested. Upload these documents in PDF format.

Use this format to title each form that will be uploaded:
CEName_CEID_Title-of-Document_mm-dd-yyyy

NOTE: The Annual Financial and Compliance Report (AFR) (Audited) submitted to Texas Education Agency (TEA) may include some of the same information as listed below.

PDF copies of the Planning for the NSLP Financial Report, NSLP Financial Report and Excessive Fund Balance Plan are available on squaremeals.org.

To complete the NSLP Financial Report, please secure the following documents for the fiscal year 2019-2020 in PDF format. Note: Not all forms may be applicable to your CE, nor will all documents be required to be uploaded. *

	Ready for Upload or Review	Not Applicable
Annual Financial Report (Audited)	○	○
Detailed General Ledger by Account Code for Child Nutrition Fund	○	○
Statement of Net Assets or Statement of Net Position (Balance Sheet) as of 12/31/2019	○	○
Statement of Activity or Statement of Revenue and Expenditures	○	○
Method for calculating Food Cost Ratio	○	○
Journal entries for any amounts paid to the Child Nutrition Fund to cover a negative (end of year) fund balance	○	○
Journal entries for any amounts paid to the Child Nutrition Fund to cover student bad debt	○	○
Loan Repayment Agreement	○	○
Paid Lunch Equity Tool	○	○
Plan to reduce excess operating fund balance if net cash resources exceed more than three months operating expenditures. This plan will ask what the CE will do to reduce excess operating fund balance. Program funds must be used only for program purposes and excess must be reduced by improving the quality of food served or purchasing needed supplies, services, or equipment. It must also include an explanation of what the CE will do to ensure that an excessive fund balance will not occur in the future. Some CE's will have already submitted and received approval for the use of this plan. For those CE's, a copy of the approved plan will need to be uploaded. Refer to ARM Section 16.	○	○

Definitions and Object Codes

Please note that the NSLP Financial Report includes the following definitions and object codes for clarification.

Definitions:

Fiscal Year:	The twelve-month period that an organization uses for budgeting, forecasting, and reporting financial information. CEs under the administration of the Texas Education Agency (TEA) may use one of the two-fiscal year periods of July 1 to June 30 or September 1 to August 31.
Net Cash Resources	Cash on hand in the non-profit school food service account at the end of the most recent fiscal year. Net cash resources do not include inventories (USDA Foods or other food inventories), equipment, or other non-cash resources. Net Cash Resources calculation is (Total Assets-(Inventories)-Total Liabilities).
Excessive Operating Fund Balance	The unallowable amount of net cash resources remaining in the nonprofit school food service account at the end of the fiscal year less liabilities which has ended. CEs may not exceed three months of average monthly operating expenditures.
Operating Months	Any month that the CE performs operational tasks. This includes reasonable amounts of time to close down program operations at the end of the school year and time to set up program operations at the beginning of the year as well as each month for which claims were submitted. For any revenue transferred from the Special Revenue Fund 242 into the 240, 701 or 101, the operating months should accurately reflect the any operational task included for those months.
Three-Month Operating Expenses	The average of three months operating expenses. This is used to determine if the CE has an excess in net cash resources. In order for a CE to maintain the non-profit status, the CE cannot maintain more than three months of operating expenses for their net cash resources.

Object Codes:

Includes currency on hand and in demand deposits with

Object Code 1100:	includes currency on hand and in demand deposits with banks or other financial institutions. Cash equivalents are short-term, highly liquid investments (such as certificates of deposit or treasury bills) that can readily be converted to cash and are near their maturity.
Object Code 1200	Asset account reflecting amounts owed for goods and services, i.e. sale of goods, rendering of services.
Object Code 2000	Current Liabilities (Current Liabilities are due now or expected to be due in one year) and Long Term Debts.
Object Code 5751	Program and Non-Program revenue realized from food service activities including payments for meals from students and adults, profits from a la carte sales, cash donations, in-kind contributions from outside sources, such as volunteer services.
Object Code 5922/7953	Revenue realized from the federally funded **lunch** program administered by the Texas Department of Agriculture or National School Lunch Program (NSLP). Object code 7953 is for school districts that use the enterprise fund the NSLP.
Object Code 5921/7952	Revenue realized from the federally funded **breakfast** program administered by the Texas Department of Agriculture or School Breakfast Program (SBP). Object code 7952 is for school districts that use the enterprise fund the SBP.
Object Code 5939	Revenue realized from the federally funded **Summer Feeding Program or At-Risk CACFP Program** administered by the Texas Department of Agriculture.
Object Code 6100	Includes the gross salaries or wages and benefit costs for employee services

	employee services.
Object Code 6210	Expenditures or expenses for professional services rendered by personnel who are not on the payroll of the school district, including all related expenses covered by the professional services contract.
Object Code 6342	This is usually paper supplies such napkins, straws, etc.
Object Code 6399	This is usually supplies that of relatively low costs such as cooking utensils, measuring cups.
Object Code 6639	Equipment, furniture, technology equipment, and capital outlay items having a per unit cost of $5,000 or more and a useful life of more than one year not classified elsewhere.