

KPI

Mini-Series

for School Nutrition Programs

Revenues

Objective: Interpret and analyze revenues on a monthly report to monitor trends of the current period, the previous period, and year-to-date of the school nutrition program.

Preparation Checklist

Instructions: The following tasks are necessary for presenting the trainings. Keep track of the progress by checking off tasks as they are completed. (Items may vary according to needs of particular lessons.)

Task	Person Responsible	Completion Date	✓
<p>Reserve equipment and gather supplies as needed for use on the day of class (6 weeks prior).</p> <p>Roster of participants attending for instructor Participants' sign-in sheets</p> <p>Task to do before the training Print handouts and activities for each participant Print activity answer keys for each participant to pass out at the end of the lesson</p> <p>List of equipment and supplies needed Microphone (preferably wireless) Calculators Pens, pencils, note paper, self-adhesive notes, (each table) Chart paper and markers</p>	Instructor		

Objective: Interpret and analyze revenues on a monthly report to monitor trends of the current period, the previous period, and year-to-date of the school nutrition program.

SAY: Hello, everyone. Welcome to the KPI lesson on revenues. In this training, we will discuss how to interpret and analyze revenues on a monthly report. It is important to monitor financial trends for the current period, the previous period, and year-to-date of the school nutrition program to determine if the school nutrition program is making a profit, losing money, or breaking even.

School nutrition (SN) program revenues are all monies received by or accruing to the nonprofit food service account, and include, but are not limited to, the potential sources found in the handout **Revenue Terms and Definitions**. Some of these categories differ from state to state. Check with your State agency for guidance.

DO: Distribute copies of the handout **Revenue Terms and Definitions**. Make sure everyone knows and understands the terms and definitions.

Revenue Terms and Definitions

Federal Sources	Payments received from Federal funds for reimbursable meals, after-school snacks, and suppers, as well as the value of USDA Foods received, cash received in lieu of USDA Foods, Federal grants, and funds for other Federal nutrition programs.
State Sources	Funds received by the school nutrition (SN) program from the State government (i.e., “state matching” funds).
Local Sources	Funds received from sources such as local government aid, grants, or contributions. Student and adult meal sales, contract meal sales, other food sales, and interest on bank deposits are considered local sources. This does not include local funds transferred into an SN program that must be paid back to the school district (i.e., loans to an SN program).
Student Meal Sales	Funds identified as revenue received from the sale of reimbursable meals to students. This includes monies received from full-paying and reduced price students.
Adult Meal Sales	All revenue received from the sale of meals to adults. Meals sold to school employees, parents, and guests of the school district should be included in this category.
Contract Meal Sales	Funds received from the sale of meals prepared/served for an agreed price to an agency, organization, business, or group who have entered into a contractual agreement with the SN program.
Nonprogram Food Sales	Funds received from food sales such as á la carte, extra meal components (milk), snacks, and special school or catered meals. Some states and districts record adult meal sales in this category.
Miscellaneous/Other Revenue	Other revenue not classified or included elsewhere, such as rebates, sale of surplus equipment, lease or rental of equipment, grant funds (i.e., “No Kid Hungry,” Dairy Council breakfast grants, Federal equipment grants, etc.), and concession sales.
Interest	Money earned on bank deposits, investments, etc.
Fund Transfer-In	Funds transferred to the SN program from other Board of Education funds. (This does not include “loans to an SN program” that must be repaid to the district.)

SAY: The management of revenue is critical to the financial stability of an SN program. A successful SN director must ensure there is enough revenue to meet expenditure obligations. According to Federal guidelines, a SN program cannot show a deficit (negative ending balance). Therefore, the goal of an SN program should be to end each fiscal year with a positive (minimum of zero) balance.

ASK: How often should you calculate the revenue of your SN program?

DO: Allow time for participants to respond.

FEEDBACK: Revenues should be calculated at least once a month.

ASK: Does anyone know where to find the information?

DO: Allow time for participants to respond.

FEEDBACK: Your business manager or accountant will be able to supply you with all of the revenue information.

SAY: Revenues are listed on a revenue and expenditures statement, sometimes called an income statement or a statement of activities. This report is usually prepared at the end of the month by the SN office or the school business office.

Let's look at an example of a statement of activities.

DO: Distribute copies of the handout **Statement of Activities**.

SAY: Look at the **Statement of Activities** handout. There are four types of financial information on the Statement of Activities Report (Revenue and Expenditures) which includes:

- total revenue available to the program by source,
- total expenditures by category,
- net gain/loss to the program for the period of the statement, and
- comparison of current month with previous month's financial information and year-to-date information.

Statement of Activities

School Nutrition Program Ending _____ (Month) (Year)

Revenue Source	Current Month	Previous Month	YTD
Local Sources			
Student Meal Sales	\$24,978	\$23,025	\$96,150
Adult Meal Sales	2,376	2,175	9,102
Other Food Sales	11,326	10,785	44,222
Contract Meals	1,575	1,560	6,250
Interest	260	255	1,030
State Sources	18,831	0	18,831
Federal Sources (includes USDA Foods value)	186,639	182,220	737,718
Miscellaneous	0	8,010	8,010
Fund Transfer-In	0	0	0
Total Revenue	\$245,985	\$228,030	\$921,313
Expenditures	Current Month	Previous Month	YTD
Salaries and Wages	\$65,875	\$63,900	\$259,550
Employee Benefits	28,975	25,364	108,678
Purchased Services	375	326	1,402
Property Services	305	280	1,170
Purchased Food/USDA Foods	96,190	90,183	372,746
Supplies	24,750	21,360	92,220
Miscellaneous	625	0	950
Capital Assets	0	55,000	70,000
Indirect Costs	5,835	5,830	23,330
Fund Transfer-Out	0	0	0
Total Expenditures	\$222,930	\$262,243	\$930,046
Net Excess/Deficit	\$23,055	\$(34,213)	\$(8,733)

Notes:

- (1) School Nutrition Program directors should modify the Statement of Activities to meet the local and State requirements.
- (2) The dollar amounts shown in this statement are for a hypothetical school district and are illustrative only.

ASK: Comparing the current months' revenue with the previous months', what are some major differences that would cause different revenue totals?

DO: Allow time for participants to respond.

FEEDBACK:

- The current month has \$18,831 in state revenues not found in the previous month.
- The previous month has \$8,010 in miscellaneous revenues not found in the current month.

SAY: Let's do an activity to see what you have learned.

DO: Distribute copies of the worksheet Classification of Revenues. Ask the participants to complete this worksheet.

SAY: Let's complete an activity to see what you have learned. Look at the **Classification of Revenues** activity worksheet.

DO: Read the instructions. Give participants about five (5) minutes to complete the activity. Walk around to help anyone that may have questions or needs help. At the end of the five minutes, go over the answers. Refer to the handout **Revenue Terms and Definitions** if there are any questions.

Classification of Revenues

Instructions: Link the revenue category described in Column A with the best source provided in Column B. Sources in Column B may be used more than one time.

Column A	Column B
Revenue Received	Revenue Source
___ Money earned on bank deposits and investments	A. Local
___ Monetary value of food donated to schools by USDA	B. State
___ Cash rebates from food companies received by the school nutrition program after the fiscal year has closed	C. Federal
___ Revenue received from students for the purchase of nonprogram food items	D. Miscellaneous
___ Grant money awarded to school districts who submit successful proposals for special projects and activities	E. Fund Transfer
___ Money received from the sale of surplus equipment	
___ Revenues paid to school districts by the State for eligible breakfast meals	
___ Cash payment received for free meals that meet Federal standards and are served to eligible students	
___ Revenue received from contract meals provided to a charter school	
___ Funds transferred to the school nutrition program from the school district's general fund	

Classification of Revenues Answer Key

Column A	Column B
Revenue Received	Revenue Source
<u>A</u> Money earned on bank deposits and investments	A. Local
<u>C</u> Monetary value of food donated to schools by USDA	B. State
<u>D</u> Cash rebates from food companies received by the school nutrition program after the fiscal year has closed	C. Federal
<u>A</u> Revenue received from students for the purchase of nonprogram food items	D. Miscellaneous
<u>A/B/C</u> Grant money awarded to school districts who submit successful proposals for special projects and activities	E. Fund Transfer
<u>D</u> Money received from the sale of surplus equipment	
<u>B</u> Revenues paid to school districts by the State for eligible breakfast meals	
<u>C</u> Cash payment received for free meals that meet Federal standards and are served to eligible students	
<u>A</u> Revenue received from contract meals provided to a charter school	
<u>E</u> Funds transferred to the school nutrition program from the school district's general fund	

SAY: Let's go over the answers to see how well you did.

DO: Ask for volunteers to give their answer to each revenue item.

SAY: The key performance indicator, revenues, can be used to monitor trends for each individual revenue line item for the current period, the previous period, and the year-to-date. Trends and directions for improvement may be identified that will assist you in making better financial decisions.

Total SN program revenues should meet or exceed total expenditures, thus making a program self-supporting. School nutrition programs are usually expected to be self-supporting and not require budget transfers from the school district.

ASK: Does anyone know what can influence the amount of revenue you receive?

DO: Allow time for participants to respond.

FEEDBACK:

- Quality of the SN program
- Federal reimbursement (the percentage of students eligible for free and reduced-price meals)
- Average daily participation (ADP)
- Nonprogram (à la carte) food sales
- District policies (e.g., open/closed campus, adequate meal periods)
- Meal pricing
- General ledger

ASK: Do you have any questions about the key performance indicator, revenues, when revenues should be calculated, where to find the information, and how the information can be used?

DO: Answer questions to the best of your ability. If there are questions you cannot answer, tell the participants you will find out the answer and get back with them.

SAY: Thank you for participating in today's training. I hope you will take this information back to your school and begin to use it to determine how much revenue you are receiving.

References

- Institute of Child Nutrition. (2018). *Essential KPIs for school nutrition success*. University, Mississippi: Author.
- U.S. Department of Agriculture. (2015). *Professional standards for school nutrition professionals*. <https://www.fns.usda.gov/school-meals-professional-standards>
- U.S. Department of Agriculture, Food and Nutrition Service. (2019). *Food distribution program: Value of donated foods* (July 1, 2019 - June 30, 2020). <https://www.fns.usda.gov/usda-fis/fr-081219>
- U.S. Department of Agriculture, Food and Nutrition Service. (2019). *National school lunch, special milk, and school breakfast programs, national average payments/maximum reimbursement rates*. <https://www.federalregister.gov/documents/2019/08/07/2019-16903/national-school-lunch-special-milk-and-school-breakfast-programs-national-average-paymentsmaximum#p-31>



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