

# Financial Management of School Nutrition Programs

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Hanover Public Schools  
Hanover, Massachusetts



# Hanover Public Schools

## Demographics 2014-2015

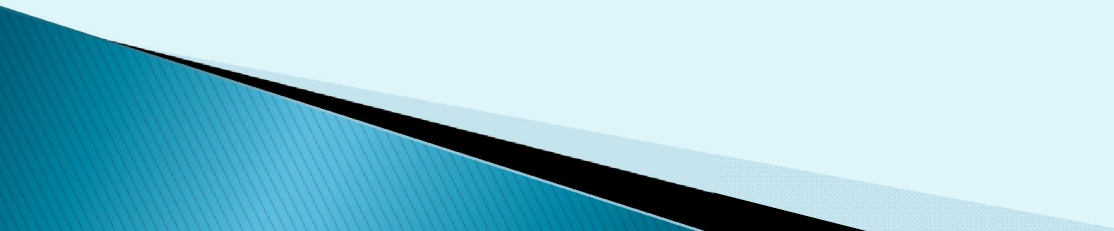
- Student population: 2516
- Free & Reduced: Free: 233 (10%), Reduced Price: 38 (1%)
- Employees: Twenty-four
- Budget: \$950,000
- Schools: Five (5); 1 High School, 1 Middle School, 3 Elementary Schools

### Participation: October 2014 (21 days)

- Breakfast: 561 (1%)-served at secondary level only
- Lunch: 26,236 (50%)
- Overall: 69%-includes a la carte purchases

# Best Practices: Prepare a Budget

Budget: A financial management plan for a specified period of time, normally a fiscal year.

- Considers planned activities and objectives
  - Forecasts costs to carry out activities and objectives
  - Projects the revenue to cover costs
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# Budget Development

Zero Based: starts with a zero for each line item and is built according to expectations

Incremental budget: based on previous years history

Consider:

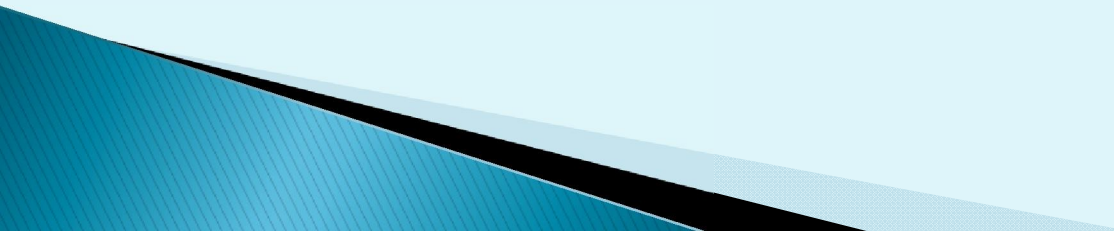
- ▶ Revenue:

local, state, federal, miscellaneous, fund transfer in

- ▶ Expenditures:

labor, benefits, professional services, property services, purchased and USDA foods, supplies, indirect costs, miscellaneous costs, fund transfer out

# Budget Development

- ▶ Food & Labor Cost Percentages-industry standard:  
40-45% food  
40-45% labor  
10-20% other
  - ▶ Participation Trends
  - ▶ Student Demographics
  - ▶ Equipment Needs
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# Best Practices: Controlling Costs

- ▶ Menu Development-Meal Cost:

Ensure revenue is equal to or greater than the cost to prepare a meal

- ▶ Forecasting:

Prevent waste in over production of food and reduce customer dissatisfaction due to under production of food

- ▶ Purchasing/Procurement-Cooperative Purchasing Groups, Bid Development:

Utilize proper procurement practices to obtain the best quality and pricing for your district



# Best Practices: Controlling Costs

- ▶ Food Production:

Monitor food production and service to control overall cost

- ▶ Food Waste:

Prevent waste and food theft by monitoring food usage

- ▶ Inventory Management:

Essential in calculating the cost of food used

- ▶ USDA Foods:

Utilize allocated funds to lower food cost

# Best Practices: Financial Accountability

Federal Regulations allow a school nutrition program to maintain up to three months operating capital on hand.

Reports and Tools to Manage Finances Include:

- ▶ Meal Pricing and Paid Lunch Equity:

Compare average paid lunch price with the difference between free and paid reimbursement rates

- ▶ Meals per Labor Hour:

Gauges the effectiveness and efficiency of the operation



# Best Practices: Financial Accountability

- ▶ Profit and Loss Statement:

Summary of revenues, costs, and expenses incurred in a specific period of time

- ▶ Balance Sheet:

Summary of an organizations assets, equity and liabilities at a specific point in time

# “TAKE HOME MOMENT”

Evaluate Program Revenues and Expenditures  
Regularly to Control Cost and Maintain Program  
Integrity

# Questions?

