

The federal government provides funding for child nutrition programs through the *Richard B. Russell National School Lunch Act* and the *Child Nutrition Act*. In addition, the Legislature has established state-sponsored child nutrition programs to augment the basic federal programs.

### BASIS FOR OPERATION

A school child nutrition program operates as a business. The primary goals are to provide children with comprehensive nutrition services by serving quality nutritious meals and to educate students about nutrition so they are healthy and ready to learn. Revenues are generated from various sources based on the number of meals served. The child nutrition department should be as completely self-supporting and cost effective as possible to minimize financial impact on the district's General Fund.

The director/supervisor of the child nutrition department must possess strong business and managerial skills as well as a background in nutrition and food services management. Responsibilities include program administration, fiscal management, human resources management, operational management, procurement, and warehousing functions. The director/supervisor must be experienced in communicating budget requirements to the school district administration. Monthly review of financial statements and a cash flow analysis are recommended to monitor the district's cash position.

### LEGAL PROVISIONS

The legal references contained in this section relate primarily to the business aspects of child nutrition programs. It is important to keep abreast of other state and local requirements applicable to food handling. This includes being prepared for inspections by the County Department of Environmental Health, Food and Housing Division.

#### Governing Board Authority

The governing board has the authority to establish child nutrition activities and adopt related board policies. These actions must be recorded in the board minutes. Exhibit 1 presents a sample governing board resolution to establish food services. [EC §§ 38080-3]

Cafeteria funds must be used only for those expenditures authorized by the governing board and defined in the *California School Accounting Manual* or reported on the Annual Program Cost Report, as necessary for the operation of school cafeterias (see Additional Resources). Any charges to, or transfers from, a child nutrition program require accurate, written explanations of the purpose of, and basis for, the expenditures and the dates when charges or transfers are made. Revenue for nutrition programs

comes from federal and state programs as well as from paid lunches. All of this income goes into the Cafeteria Fund/Account, which is restricted. Federal law prohibits diverting any cafeteria funds to other uses. [EC §§ 38091, 38100-1]

The governing board may use cafeteria funds for the lease or purchase of additional cafeteria equipment for the central food processing plant, vending machines, including their installation and housing, and computer equipment and related software. [EC § 38091]

The governing board must establish the prices of servings to patrons at a price that will pay the cost of maintaining the cafeteria, exclusive of the costs that are charged against the General Fund. [EC § 38084]

Food may be sold only to pupils, employees of the school district, and members of the governing board. Individuals and organizations can be exempted from this restriction by formal resolution of the board. [EC § 38082]

#### Purchase of Food

Perishable foodstuffs and seasonal commodities should be purchased in accordance with rules and regulations adopted by the governing board. Food services purchases are subject to the same legal provisions as other district purchases. (See also Purchasing.) County Counsel has advised that milk and milk products are not perishable foodstuffs or seasonal commodities. [EC § 38083]

The federal “Buy American” provision generally requires schools to buy food produced in the United States when using federal nutrition funds. Certain limited exceptions exist. A school may buy foreign commodities if the recipients’ food preferences can be met only with foreign goods, if the products are not produced within the United States in sufficient quantity and quality, or if the cost of the domestic food product is significantly higher than foreign products. [7 CFR § 250.23]

Contracts for nonnutritious beverages and food are subject to a public hearing and other disclosure requirements. [EC § 35182.5] Districts should be cognizant of nutrition standards for foods and beverages sold to students when negotiating contracts for the sale of foods and beverages in vending machines and should also review existing contracts to ensure that they comply with nutrition standards within the timelines specified in law.

### Nutrition Standards for Foods

"School meals" include breakfasts, lunches, and/or snacks served during nutrition periods. The meals may be hot or cold and must contain all components of a nutritionally adequate meal. [EC §§ 49500, 49553]

The United States Department of Agriculture (USDA) regulates the nutrient content of meals sold under its reimbursable meal programs. In addition, USDA requires local agencies to establish rules and regulations that restrict the sale of all foods of minimal nutritional value (FMNV) during meal periods where reimbursable meals are sold or eaten. [7 CFR §§ 210.10, 210.11, 220.8, 220.12] Management Bulletin 05-110, Nutrition Services Division, states that the California Department of Education will monitor school districts for compliance with restrictions on the sale of FMNV (see Additional Resources).

California law regulates nutrition requirements for foods not reimbursed through the federally reimbursable meal programs. Education Code section 38085 specifies the requirements in effect through June 30, 2007. New nutrition standards effective July 1, 2007, are summarized below. Management Bulletin 06-110, Nutrition Services Division, discusses the new requirements (see Additional Resources).

The only foods that can be sold to a pupil at an elementary school during the school day are full meals and individually sold portions of nuts, nut butters, seeds, eggs, cheese packaged for individual sale, fruit, vegetables that have not been deep fried, and legumes. An individually sold dairy or whole grain food item may be sold to pupils at an elementary school if it meets all of the following standards: not more than 35 percent of its total calories from fat; not more than 10 percent of its total calories from saturated fat; not more than 35 percent of its total weight composed of sugar; and not more than 175 calories per individual food item. [EC § 49431]

Entree items sold to a pupil in middle, junior, or high school, except food served as part of a USDA meal program, shall contain no more than 400 calories and no more than 4 grams of fat per 100 calories and shall be categorized as entree items in the School Breakfast Program or National School Lunch Program. [EC § 49431.2]

Any snack sold to a pupil in middle, junior, or high school, except food served as part of a USDA meal program, shall meet all of the following standards: not more than 35 percent of its calories from fat; not more than 10 percent of its total calories from saturated fat; not more than 35 percent of its total weight composed of sugar; and not more than 250 calories per individual food item. These standards do not apply to the

sale of nuts, nut butters, seeds, eggs, cheese packaged for individual sale, fruits, vegetables that have not been deep fried, or legumes. Exemptions to these requirements are provided for fundraising events held under specified conditions. [EC §§ 49431-1.2] (See also Student Organizations.)

#### Nutrition Standards for Beverages

Regardless of the time of day, the only beverages that may be sold to pupils at elementary schools are water, milk with specified fat content, nondairy milk, drinks with at least 50 percent fruit juice, and drinks with at least 50 percent vegetable juice. The same requirements apply to beverages sold at middle and junior high schools from one-half hour prior to the start of school to one-half hour after school. In addition, specified electrolyte replacement drinks may be sold at middle or junior high schools. Exemptions are provided for fundraising events held under specified conditions. [EC § 49431.5] (See also Student Organizations.)

The nutrition standards for beverages currently in place for junior high and middle schools are being phased in at the high school level. Effective July 1, 2007, at least 50 percent of beverages sold to pupils must meet the new requirements, and beginning July 1, 2009, 100 percent of beverages must meet the requirements. [EC § 49431.5]

#### Control of Funds

A school district can create a county treasury fund or a bank account to control its cafeteria funds. If a single bank account is established by the governing board for all cafeterias of the district, the name of the account must be "The Cafeteria Account of the (insert name of district) District." If a separate bank account is established by the governing board for each cafeteria, each such account must be known as "The Cafeteria Account of the (insert name of school) School of the (insert name of district) District." The bank should be informed that the account(s) will be for the deposit of public funds. A "Contract for Deposit of Public Agency Funds" should be executed between the bank and the district when the account is opened. [EC § 38093] (See also Commercial School Orders.)

All food services cash collections must be deposited intact in the Cafeteria Fund/Account. [EC §§ 38090, 38093]

The governing board may contract and pay for the expense of transporting money to and from the bank where the cafeteria bank account is maintained. [EC § 41019]

The accounting system used for the Cafeteria Fund/Account must be in accordance with the definitions, instructions, and procedures published in the *California School Accounting Manual* or the *California Community Colleges Budget and Accounting*

*Manual* (see Additional Resources). School Districts can choose to operate the cafeteria fund as either a governmental fund or an enterprise fund. [EC §§ 41010, 84030]

The governing board must designate in its minutes an employee(s) to have custody of the cafeteria bank account. This person shall be responsible for all monies paid into the account and for all expenditures. All employees who handle cafeteria funds must be bonded. [EC §§ 38094, 41021]

The governing board of a district maintaining a Cafeteria Fund may authorize one or more Cafeteria Revolving Accounts. A Cafeteria Revolving Account may be operated in the same manner and for the same purposes as authorized for a Cafeteria Account. Appropriate transfers, replenishments, and deposits between the Cafeteria Fund and Revolving Account may occur as are necessary to comply with accounting requirements. [EC § 38091]

The Cafeteria Fund/Account must be included in the annual audit of the books and accounts under the control or jurisdiction of the district. Financial reports of the Cafeteria Fund/Account are permanent records and must be retained indefinitely in paper, microfilm, electronic, or other format. [EC §§ 41020, 84040(b); 5 CCR § 16023] (See also Records Management.)

#### Equipment and Facilities

The governing board may make expenditures from the Cafeteria Fund for the construction, alteration, or improvement of a central food processing plant; for the installation of additional cafeteria equipment; and for the lease or purchase of vehicles that will be used primarily in support of the cafeteria. [EC § 38091]

The cost of facilities and initial equipment for cafeterias must be paid from the General Fund, Building Fund, or other fund from which such capital outlay may be legally paid. However, the General Fund or Cafeteria Fund/Account can be used for the lease or purchase of replacement equipment and vending machines. If school district funds are used, the governing board may reimburse school district funds from the Cafeteria Fund/Account at any time within five years. [EC § 38100]

The governing board may establish and maintain a cafeteria reserve for the purchase, lease, maintenance, or replacement of cafeteria equipment. The funds for the reserve would be derived from the cafeteria sale of food. [EC § 38102]

### Expenditures

The governing board must employ child nutrition employees as part of the classified service. Salaries and benefits, including employer retirement contributions, shall be paid from the General Fund or from the Cafeteria Fund at the discretion of the governing board and with the approval of the county superintendent of schools, who has responsibility for a countywide payroll/retirement system functioning in accordance with provisions of the Education Code. The governing board may order reimbursement from the Cafeteria Fund/Account to the General Fund in such amounts as it prescribes, but it shall not exceed actual costs and benefits incurred or anticipated. Any excess reimbursements must be refunded to the Cafeteria Fund/Account not later than the close of the current fiscal year. [EC § 38103]

Expenses in the General Fund classified as food service shall be excluded from the definition of "current expense of education" as defined in Education Code section 41372(b). [EC § 38103]

Reimbursements for salaries and benefits made from the Cafeteria Fund/Account to the General Fund shall be considered expenses of the Cafeteria Fund/Account. Only those payments not reimbursed from the Cafeteria Fund/Account shall be considered expenses of the General Fund. [EC § 38103]

California sales tax is applicable to all cafeteria sales except sales to students. All food sold at a school event where admission is charged is also subject to sales tax. A seller's permit is necessary for all sales that are subject to tax. [R&TC § 6363] (See also Commercial School Orders.)

### Meals for Needy Pupils

The governing board may provide, without charge or at a reduced price, breakfasts and/or lunches for needy pupils. Additionally, nutrition periods during the school day during which food and/or beverages are served may be provided to any or all pupils without charge or at a reduced price. The governing board may establish rules for determining which pupils are entitled to such servings except for family day care homes, which shall be reimbursed for 75 percent of the meals served. Any pupil meeting the federal eligibility criteria for free and reduced-priced meals shall be deemed needy. Precautions must be taken to prevent overt identification of needy pupils. Pupils not eligible for free meals shall be included in the meal program when their families are rendered homeless and temporarily unable to provide adequate meals due to the effects of a natural disaster. These costs may be paid from the General Fund. [EC §§ 49500-70; 5 CCR §§ 15510, 15550 et seq.]

No public release of information regarding individual pupil participation in any free or reduced-price meal program is permitted. All applications and records made or kept by a school district concerning any individual in connection with free or reduced-price meal eligibility shall be confidential, and shall not be open to examination for any purpose not connected with the meal program. Under specified conditions, free and reduced-price meal data can be used by authorized district employees for the following purposes: the disaggregation of academic achievement data, and to identify students eligible for public school choice and supplemental services under the No Child Left Behind Act of 2001. [EC § 49558]

School districts and county superintendents of schools may notify parents/guardians that a child qualifying for free or reduced-price meals under the National School Lunch Program may be eligible for free or reduced-cost health coverage. With parent/guardian permission, school lunch application information can be provided to the local Medi-Cal office. School districts opting to implement the information sharing process must establish a memorandum of understanding (MOU) with the local Medi-Cal office. [EC §§ 49557.1-7.2]

Districts are encouraged to provide meals during summer school and may claim reimbursement for qualifying meals. If a district is unable to provide meals during summer school, the governing board must submit a waiver request to the State Board of Education (see Additional Resources). [EC §§ 33050-1, 49548]

State and local government agencies responsible for aiding low-income persons may contribute to the cost of meals for needy pupils. [EC § 49504]

Any allocation of matching funds received from the Superintendent of Public Instruction for provision of meals to children from low-income families must be used exclusively for providing free and reduced-price meals for eligible children. These allocations may not be used to reduce the level of district or school expenditures for any existing program of free or reduced-price meals, unless free or reduced-price lunches are provided to each eligible needy pupil. [EC § 49491]

## RULES AND REGULATIONS

Rules and regulations relative to child nutrition programs should be formulated and adopted by the governing board (see Additional Resources for *Student Wellness: A Healthy Food and Physical Activity Policy Resource Guide*). Examples of issues that should be addressed in the rules and regulations include:

1. Integration of child nutrition functions into the total educational program of each school of the district.

2. Operation of child nutrition activities as a nonprofit service available to pupils on a voluntary basis.
3. Emphasis on serving complete and well-balanced school meals for all students.
4. Participation in the National School Lunch Program, School Breakfast Program, and Child Nutrition Commodity Program or the Special Milk Program.
5. Provision of school meals to all pupils at the lowest cost.
6. Creation of an adequate system of cash control.
7. Prohibition of extending credit to any individual.
8. Determination of the extent that student workers are used.
9. Use of food services facilities by organizations or groups for civic purposes. This includes the requirement that a child nutrition employee be on duty if a cafeteria kitchen is used.
10. Prohibition of providing free or reduced-price meals to patrons other than qualified pupils.
11. Disposition of leftover food.
12. Employment, training, and supervision of child nutrition personnel.
13. Provision of custodial services for child nutrition activities.
14. Regulation of the sale of food and beverage items by student organizations in consideration of the school district's nonprofit child nutrition programs and all other programs approved by the governing board. [EC § 48930 et seq; 5 CCR §§ 15500-1] (See also Student Organizations.)

#### School Wellness Policy

Governing boards of districts and charter schools that participate in the National School Lunch Program, School Breakfast Program, Special Milk Program, and/or Summer Food Service Program are required to have a districtwide school wellness policy. The policy must include the district's plan for complying with the USDA's FMNV requirements and must designate at least one person to oversee implementation of the policy and ensure that schools meet its provisions. Federal law specifies the policy's minimum components (see Additional Resources). [42 USC § 1751]

### Food Safety

Districts and charter schools participating in the National School Lunch or School Breakfast Programs are required to obtain at least two food safety inspections each school year and must make the most recent inspection report available to the public by posting it in a publicly visible location and providing copies upon request. In addition, schools must develop a food safety system that utilizes Hazard Analysis and Critical Control Point (HAACP) principles to reduce the risk of foodborne hazards (see Additional Resources). [42 USC §§ 1751-91] Any costs incurred in complying with these requirements may be charged to the Cafeteria Fund/Account.

### SOURCES OF REVENUE FOR CHILD NUTRITION PROGRAMS

In keeping with the objective of serving school meals to students at the lowest cost, it is imperative that districts identify and explore all possible sources of food services revenue. The following are potential sources:

#### National School Lunch Program and/or School Breakfast Program

Federal monies are available for districts that provide meals that meet minimum requirements and are made available to all pupils in attendance. Congress establishes funding levels on a yearly basis. Additional information is available from the Nutrition Services Division, California Department of Education, and the U.S. Department of Agriculture (see Additional Resources).

#### Special Milk Program

Federal cash subsidies for milk are available for districts that do not participate in other child nutrition programs. Information, application forms, and other detailed instructions are available from the Nutrition Services Division, California Department of Education (see Additional Resources).

#### Child Nutrition Commodity Program

Donated federal commodities are available to child nutrition programs at minimal cost through the Food Distribution Program of the Nutrition Services Division, California Department of Education (see Additional Resources).

#### State Meal Program

State monies are available to provide meals to needy pupils or families at a funding level established annually by the Legislature (see Additional Resources).

### California Fresh Start Pilot Program

One-time state funding is provided in 2006-07 to districts and charter schools that operate a school breakfast program to promote school-age children's consumption of fruits and vegetables at breakfast. Schools are eligible to receive an additional \$.10 reimbursement per meal that includes one or more supplemental servings of a nutritious fruit and/or vegetable, giving priority to fresh fruits and vegetables. Schools already serving two nutritious fruits or vegetables at breakfast can instead provide one to two servings as afterschool snacks (see Additional Resources). [EC § 49565 et seq.; 5 CCR §§15566-8]

### School Organizations or Community Groups

Groups such as the parent-teachers association may create a revolving petty cash fund that can be used to make loans to students for meals.

### Reimbursement from the School District's General Fund

Meals served free or at a reduced-price to needy pupils may be reimbursed by the district's General Fund. [EC §§ 49500-3, 49552]

### Allocations for Declared Disasters

Districts may apply to the California Department of Education for temporary funding to provide meals to children temporarily left homeless in a state or federally declared disaster. [EC § 49505]

### Daily Sales Receipts

Local monies are collected from student and adult sales.

### Meals for Needy Pupils Revenue Limit Adjustment

Districts that levied a meals for needy pupils permissive override property tax in 1977-78 receive a revenue limit adjustment. The governing board determines whether the unrestricted revenue from this adjustment will be spent on the child nutrition program or other district needs. [EC § 42241.2]

### Interest on Deposits

Interest earned on child nutrition funds remains with the Cafeteria Fund/Account for program use.

## ACCOUNTING

### Double Entry Accounting

The use of a double entry accounting system has the following advantages:

1. This system allows for periodic trial balances as a means of verifying the accuracy of accounting records and facilitates preparation of periodic financial statements.
2. The likelihood of making erroneous or duplicate payments is reduced.
3. Accounting controls are enhanced, and audit discrepancies are minimized.

### Accounting Practices

The fiscal year, for purposes of food services accounting, begins on July 1 and ends the following June 30.

Double entry accounting records should include cash receipts, disbursements, and a general ledger. Accounting records and supporting documents should be retained on file for the legally required annual audit. After the audit is completed, these documents must not be destroyed except in accordance with legal record retention provisions. Child Nutrition Program records shall be retained in accordance with USDA requirements. National School Lunch Program records shall be retained for three years after the applicable fiscal year. [7 CFR § 210.23(c); EC § 33421; 5 CCR §§ 16020, 59020 et seq.] (See also Records Management.)

The bank balance should be carried forward to the most current status in the checkbook or cash disbursement journal.

A monthly trial balance of the general ledger should be prepared and maintained on file.

A general ledger account should be established to reflect the amount of the cash balance. A separate general ledger account should be established to reflect the amount in a petty cash fund.

In school districts having more than one cafeteria, separate income and expense breakdowns for each cafeteria should be maintained. This practice provides the basis for separate operating statements and financial controls for each cafeteria.

A financial statement should be prepared monthly from the double entry system of accounts for presentation to the governing board.

Information from the accounting records should be used to monitor cash flow and to analyze the overall financial status of the child nutrition program.

## CONTROL OF CASH RECEIPTS

### Methods of Cash Control and Collection Procedures

The cash register or point-of-sale system is considered the basic tool for the control of cafeteria cash receipts. A cash register with recording capability should be provided for each serving line. A cash register should also include a visible total that may be seen by the customer and a sufficient number of symbols for identifying the various types of servings. The cash register record provides an auditable record not only of the amount collected, but also of the number of each type of cafeteria serving, and provides a basic record to support claims made under federal programs.

In some districts, cash collections are handled through the sale of tickets. Where such a system is used, the tickets should be press-numbered to prevent unauthorized use or reuse. The cash register system is generally preferred over the ticket system. The ticket system has several key disadvantages, including difficulty reconciling ticket sales with counts of servings and cash collections and the need for additional personnel hours to sell tickets.

Regardless of the type of collection procedures used by districts, the procedures must contain a system to account for meals served in different eligibility categories.

A procedure should be developed for safely transporting monies to and from the collection point and the district and/or bank destination.

### Cash Reports

Daily cash reports should be prepared for all meals served and for all monies received and deposited. Any differences in cash collections reported and actual cash receipts should be entered in the accounting records as "CASH OVER and SHORT." Significant and/or continuing differences should be investigated.

### Cash Collections

All monies received should be entered into the accounting journals and ledgers, and a change fund should be established. The daily receipts should be deposited intact. Change should never be made from the previous day's cash receipts. At the end of the school year, funds remaining in the change fund should be re-deposited in the cafeteria's bank account or fund.

California sales tax is applicable to all cafeteria sales except sales to students. Generally, it is impractical to segregate daily sales tax collections from daily taxable sales. Gross daily sales, including sales tax collections, should be credited to the appropriate income account in the Cash Receipts Journal. In San Diego County, the monthly gross total of taxable sales and sales tax collections can be divided by 1.0775 to determine the amount of state sales tax. A monthly General Journal entry can be made to debit the applicable income account and credit a liability account 7.75 percent of the taxable sales.

Claims for reimbursement are to be prepared from the daily record of meals served in accordance with instructions provided and within the required timelines.

#### Banking Procedures

The deposit of cash receipts should be made daily. An itemized duplicate deposit slip should be prepared for each bank deposit and kept on file. A bank endorsement stamp should be used on all checks that are received relating to the child nutrition activity.

Some school districts having more than one cafeteria have eliminated work involved in combining all cash receipts into one deposit by making a separate daily deposit for each cafeteria.

A permanent form of bank reconciliation should be prepared each month as soon as the bank statement is received. The reconciliation should be to the amount shown in the "Cash in Bank" general ledger account as well as to the balance shown in the checkbook and/or cash disbursement journal.

Banks ordinarily do not levy service charges on cafeteria bank accounts. However, charges can apply for special services such as printing checks or furnishing endorsement stamps.

### CONTROL OF CASH DISBURSEMENTS

#### Processing Invoices

Any payments should be in the name of the district cafeteria and supported by properly itemized invoices listing the name of the vendor. All available cash discounts should be taken. When necessary, vendors' invoices subject to discount should be processed for payment in advance of invoices not subject to discount.

Before payment is made, school district staff should verify purchase order number, receipt of goods, prices and extensions, and authorization for payment. A rubber stamp providing spaces for verifications, date of payment, and check number can be used for processing invoices.

Districts should use the same care in processing payments from a cafeteria revolving cash account as in processing payments from a General Fund-supported revolving cash fund.

#### Disbursements by Check

All cash disbursements should be made either by check or through a revolving cash account that has been authorized by the governing board. Checks should be press-numbered and have the legally required name of the cafeteria bank account printed on them. The date and number of each check, including the amount, name of payee, and account distribution, should be recorded in the cafeteria cash disbursement journal.

Checks should not be signed unless drawn on the basis of itemized invoices for approved, legal expenditures relating to goods or services actually received.

Checks reimbursing the General Fund for salaries and benefits should be based upon costs actually incurred and amounts approved by the governing board. Each check should be drawn payable to the district General Fund.

Voided checks should be made nonnegotiable by having the signature space cut out and should be kept on file. In this way, an accounting can be made for each check. The number of each voided check and the fact that it is void should be recorded in the Cash Disbursement Journal. The resources in the cafeteria bank account or the cafeteria revolving cash account should be used only for disbursements relating to the child nutrition program.

### CONTROL OF PURCHASES

Press-numbered purchase orders should be used to control all purchases. (See also Purchasing.) These should be signed by the employee designated by the governing board. The minutes of the regular board meeting should indicate the approval of purchase order numbers \_\_\_\_ through \_\_\_\_ for child nutrition each applicable month.

When a centralized system of purchasing is used, requisition forms should be used as the basis for issuing food and supplies from stock or as the basis for preparation of purchase orders. The purchase of perishable commodities delivered by a vendor frequently and on a continuing basis may be controlled through the use of a blanket purchase order covering a specific period of time and designating a specified dollar limit.

Purchasing records should indicate that nutritional standards of the National School Lunch Program are being met.

Orders should be placed promptly when notices of available surplus commodities are received from the California Department of Education. Reordering should be done whenever additional supplies of surplus commodities can be used advantageously.

Items received should be inspected by a person qualified to determine their conformity to the grades and specifications ordered by the school district.

#### CHILD NUTRITION EMPLOYEES

The job descriptions of all school district employees having any responsibilities relating to the child nutrition program should specify these duties.

The value of meals provided without charge to food services employees should be reflected in the accounting records both as a cost of operation and as income. Unless the governing board has taken action to declare that meals given to child nutrition employees are given as a convenience to the employer (e.g., so employees will be available for possible duty while eating lunches), the value of such meals must be included in computing total earnings and withholding taxes. An alternative to the extra work of accounting for meals provided to child nutrition employees is to have these employees pay for their meals.

Time reports signed by supervisory personnel should be submitted as documentary evidence that each employee was actually on the job during the period covered by the salary payment.

Student employees under the age of 18 who receive money for working in the cafeteria must have work permits. Information relating to work permits is available from school district offices. [EC §§ 49110-0.1]

Auto and travel allowances for child nutrition employees should be authorized by the governing board in the same way that authorization is granted for payments from the General Fund.

The school district's program of inservice training should include adequate training for child nutrition employees. The rules and regulations of the governing board relating to such matters as employee conduct, sick leave, and working conditions should be provided to each employee. (See also Human Resources.) Many school districts also prepare a handbook for student lunchroom employees.

### INVENTORIES

Separate inventories of cafeteria food and supplies should be taken at the end of each month on inventory forms that include a description, quantity, cost per unit and total cost, date of inventory, and signature of the person recording the inventory. Detailed inventory information is needed for financial accounting and for review by the California Department of Education, which determines whether nutritional standards have been met.

The costs of handling and shipping should be allocated to surplus food commodities for the purpose of determining inventory values of surplus items. Control over the issuance of food and supplies from the storeroom should prevent waste and the use of items for purposes other than the child nutrition program.

Up to date inventory information should be available to personnel responsible for purchasing to ensure that required supplies will be replenished promptly.

The number of different items and quantities stored may be great enough to require a continuous record of the inventory of food supplies. This can be accomplished by keeping manual or computerized records that track all acquisitions and issuances for each item.

Adequate, secure storage facilities should be provided to permit bulk purchases and to protect supplies against theft.

Frozen surplus commodities and commercial food items require adequate storage. Special care should be taken to observe temperature, humidity, or other requirements. The length of time that foods are stored should be properly limited to avoid spoilage.

### INSURANCE

Insurance for child nutrition activities is usually provided under the general insurance program of the school district. The general insurance program coverage should be reviewed periodically to ensure it addresses the needs of child nutrition activities. For example, the district fidelity bond coverage must cover all employees handling cafeteria

funds. Cash collections should be insured against theft until deposited in the bank. Liability coverage should include protection against food poisoning hazards. (See also Risk Management & Insurance.)

### LEGAL REFERENCES

The full text of regulations issued by the Food and Drug Administration on a variety of topics such as food labeling and dietary supplements is available in the Code of Federal Regulations. "GPO Access," the U.S. Government Printing Office's World Wide Web interface to federal information, is available online (see Additional Resources). This Web site provides easy access to laws, regulations, reports, data and other information published by the United States Government.

The California Department of Education maintains a Web site of school nutrition program management bulletins (see Additional Resources). Information on the California State Board of Education waiver process is also available online (see Additional Resources).

### ADDITIONAL RESOURCES

1. *California Community Colleges Budget and Accounting Manual*, Fiscal Standards and Information Section, California Community Colleges, 2000. Available: <[http://www.cccco.edu/divisions/cffp/fiscal/standards/budget\\_and\\_accounting\\_page.htm](http://www.cccco.edu/divisions/cffp/fiscal/standards/budget_and_accounting_page.htm)>

2. California Department of Education:

*California School Accounting Manual*, 2007. Available:

<<http://www.cde.ca.gov/fg/ac/sa/documents/csam2007complete.pdf>>

California State Board of Education waiver process. Available:

<<http://www.cde.ca.gov/re/lr/wr/>>

*Educational Resources Catalog*, 2007. See "Healthy Students" for publications that support a nutrition curriculum. Available: <<http://www.cde.ca.gov/re/pn/rc/>>

Food Distribution Program for information on U.S. Department of Agriculture Commodities Program, Department of Defense Fresh Fruit and Vegetable Program, and related resources. Available: <<http://www.cde.ca.gov/ls/nu/fd/>>

Healthy Eating and Nutrition Education for food safety, menu planning, nutrition education resources, Farm to School Program, and school wellness policies. Available: <<http://www.cde.ca.gov/ls/nu/he/>>

Management Bulletins, Nutrition Services Division. Available:  
<<http://www.cde.ca.gov/ls/nu/sn/mb.asp>>

Nutrition Education and Food Service Training for nutrition safety and education links. Available: <<http://www.cde.ca.gov/ls/nu/ed/>>

Nutrition Services Division for National School Lunch and School Breakfast Programs, Special Milk Program, State Meal Program, and California Fresh Start Pilot Program. Available: <<http://www.cde.ca.gov/ls/nu/sn/>> or phone (800) 952-5609.

Professional development and standards in nutrition, nutrition education, and food service management. Available: <<http://www.cde.ca.gov/pd/fs/ne/>>

Safety inspection and Hazard Analysis Critical Control Point (HACCP) requirements of the National School Lunch and School Breakfast Programs. Available: <<http://www.cde.ca.gov/ls/nu/sn/gis15.asp>>

*School Nutrition...by Design!* Advisory Committee on Nutrition Implementation Strategies, 2006. Available:  
<<http://www.cde.ca.gov/re/pn/fd/documents/schnutrtn071206.pdf>>

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Team Nutrition for information on training grants, Healthy Meals Resource System for foodservice professionals, and My Pyramid food guide. Available: <<http://www.fns.usda.gov/tn>>

Nutrition Assistance Programs for information on school meal programs, food safety, grants, nutrition education, regulations and policy. Available: <<http://www.fns.usda.gov/fns/>>

School wellness policy examples, steps for creating and implementing a school wellness policy, funding information, and "Frequently Asked Questions." Available: <[http://www.fns.usda.gov/tn/Healthy/wellnesspolicy\\_steps.html](http://www.fns.usda.gov/tn/Healthy/wellnesspolicy_steps.html)>

School wellness policy requirements of school nutrition programs as specified in the Child Nutrition and Women, Infants and Children (WIC) Reauthorization Act of 2004 (PL 108-265, section 204). Available:  
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#### LIST OF EXHIBITS

- Exhibit 1 Resolution Establishing Food Services (Education Code § 38081), Sample, San Diego County Office of Education
- Exhibit 2 Cashier's Daily Cash and Sales Report Form, Sample, San Diego County Office of Education

RESOLUTION ESTABLISHING FOOD SERVICES  
(Education Code § 38081)

\_\_\_\_\_ School District, San Diego County

ON MOTION of Member \_\_\_\_\_, seconded by Member \_\_\_\_\_, the following resolution is adopted:

IT IS HEREBY RESOLVED AND ORDERED that:

1. Pursuant to Education Code § 38081, it being advisable in the judgement of this Governing Board, the cafeteria(s) in \_\_\_\_\_ the school(s) is hereby declared to be established.
2. Pursuant to the provisions of Education Code § 38100, the cost of maintenance of the physical plant used in connection with the cafeteria, the cost of replacement of equipment, and the cost of telephone charges, water, electricity, gas, and garbage disposal shall be and are hereby made a charge against the funds of the school district.
3. Pursuant to the provisions of Education Code § 38103, the costs of wages, salaries and benefits, including district retirement contributions for all child nutrition, shall be paid from the General Fund or the Cafeteria Fund. Wages, salaries, and district retirement contributions paid from the General Fund on behalf of the Cafeteria Fund shall be reimbursed to the General Fund from the Cafeteria Fund.
4. Pursuant to the provisions of Education Code § 38084, the food served shall be sold to patrons of the cafeteria at such prices as will pay the cost of maintaining the cafeteria, exclusive of the costs made a charge against funds of the school district by provision of the Education Code, and items made a charge against the funds of the school district by resolution of the governing board under the authority of provisions of the Education Code. The prices of food sold are hereby set as follows:

Pupil plate lunch, including milk	cents
Pupil milk, one-third quart	cents
Pupil milk, one-half pint	cents
Adult plate lunch, including beverage	dollars
Adult milk, one-third quart	cents
Adult milk, one-half pint	cents

5. Pursuant to the provisions of Education Code § 38093, the establishment of a bank account for the cafeteria is hereby authorized. The account shall be known as "The Cafeteria Account of \_\_\_\_\_ School District." All receipts of the cafeteria shall be deposited in the account and shall be expended only for the maintenance of the cafeteria.



ALTA SCHOOL DISTRICT _____			SCHOOL _____		
CAFETERIA ACCOUNT _____			20 _____		
<b>CASHIER'S DAILY CASH AND SALES REPORT</b>					
ANALYSIS OF SERVINGS			CASH COUNT		
	Cash Sales	Noncash Servings	Denomination	Amount	Totals
<b>TYPE A PUPIL LUNCHES:</b>					
___ Cash Sales	\$.....	xxxxxxx	Currency \$ _____	\$.....	
___ County Welfare @	xxxxxxx	.....	5.00	.....	
___ Subsidized by _____ @	xxxxxxx	.....	1.00	_____	
___ Earned by Student Helpers @	xxxxxxx	.....	Total Currency	.....	\$.....
___ Total Type A Servings	xxxxxxx	xxxxxxx	Coin \$ .25	.....	
			.10	.....	
			.05	_____	
			.01	.....	
<b>TYPE C PUPIL MILK:</b>					
___ Cash Sales @	.....	xxxxxxx	Total Coin	\$.....	\$.....
<b>OTHER SERVINGS:</b>					
___ Adult Lunches @	.....	xxxxxxx	Checks: Bank No. _____	_____	
___ Adult Milk @	.....	xxxxxxx	Bank No. _____	_____	
___ @ _____	.....	xxxxxxx	Total Checks	\$ _____	
___ @ _____	.....	xxxxxxx	Total Cash Received	\$.....	\$ _____
<b>TOTALS:</b>					
	\$ _____ *	\$ _____	<b>CASH TO BE ACCOUNTED FOR:</b>	_____	
			Register Reading - Ending	_____	
			Register Reading - Beginning	\$.....	
			Total Cash to be Accounted For	.....	
			Cash Over (Add)	_____	
			Cash Short (Deduct)	_____	
			<b>TOTAL CASH RECEIVED</b>	\$ _____	

Form No.: xxx

Signed by \_\_\_\_\_

Cashier