TIP SHEET
Unused Reimbursement

To protect the integrity of Program operations, current regulations distinguish between excess funds and unused reimbursement to ensure that sponsors are only permitted to retain funds that are earned for SFSP meals served to children. The final rule, Simplified Cost Accounting and Other Actions to Reduce Paperwork in the Summer Food Service Program, 83 FR 25349, defines excess funds as the difference between any advance funding and meal reimbursements, when advance funds received by a sponsor are greater than the reimbursement amount earned by a sponsor. Unused reimbursement is defined as the difference between the amount of reimbursement earned and actual costs, should reimbursement exceed costs.

Since sponsors are reimbursed for the number of meals served to children, it is possible that the actual cost of providing the meals is less than the total reimbursement received. If federal funds remain at the end of the Program year, these must either be retained for Program use the following year OR transferred into another Child Nutrition Program (CNP) account (i.e., school lunch, school breakfast, CACFP At-Risk, etc.) administered by the same sponsor. Any unused reimbursement from the SFSP not used for other CNPs, must be reported as revenue within the budget.

Calculating Unused Reimbursement

1. Determine if the accounting method is "cash basis" or "accrual" and the time period covered by the budget (e.g., calendar year, fiscal year, or summer months when SFSP is in operation). This information will guide your identification of reimbursements and expenditures to estimate the sponsor's unused reimbursement for the identified time period.
2. Identify all Program reimbursements:
    • Program reimbursement from the current year;
    • Any prior year unused reimbursement from SFSP; and
    • Any "carryover" unused reimbursement from other Child Nutrition programs, such as CACFP at-risk afterschool, designated for use in SFSP operations.
3. Identify all allowable Program expenses incurred in the operation or improvement of the nonprofit food service Program;
4. Determine if any allowable Program expenses exist that are pending payment (if the sponsor uses a cash basis accounting method); and
5. Deduct all allowable Program expenses from Program reimbursements, identifying any unused reimbursements.

How much unused reimbursement is too much?

Unused reimbursement should not exceed one month's average expenditures for sponsors operating only during the summer months and three months' average for when operating Child Nutrition Programs throughout the year. Use the Net Cash Resource Balance Calculator available on the Materials & Resources page, under the Financial Management section, to determine if your agency's unused reimbursement exceeds the allowed amount.

2024 Net Cash Resources Calculation

SFSP sponsors are required to monitor the non-profit food service account to ensure the Net Cash Resources (i.e., current operating account balance) does not exceed one months' average expenditures for sponsors operating only during the summer months and three months' average expenditure for sponsors operating Child Nutrition Programs throughout the year. If the Net Cash Resources does exceed the allowed average, the State agency will provide technical assistance to the sponsor to improve meal service quality or take other action designed to improve the nonprofit meal service quality.

1. Choose the calculator below that pertains to your agency.
   Only operating SFSP OR Operating more than one Child Nutrition Program
2. Enter the Total SFSP Expenses from 2023
3. Enter the number of SFSP claim months from 2023. This will determine the average allowed.
4. Enter the Ending SFSP Account Balance from 2023.
5. If the calculation results in an excess cash balance, notify your SFSP consultant for assistance.

Remember to report any unused SFSP reimbursement as starting revenue on the 2024 SFSP Budget.

2024 Net Cash Resource Calculator Only operating SFSP	
Total SFSP Expenditures from 2023	$ -
Number of SFSP Claim Months Submitted in 2023	
Allowable Net Cash Resources (1 mo avg expenses	#DIV/0!
Ending SFSP Account Balance from 2023	$ -
Is there an Excess Cash Balance?	#DIV/0!

2024 Net Cash Resources Calculator Operating more than one Child Nutrition Program	
Total SFSP Expenditures from 2023	$ -
Number of SFSP Claim Months Submitted in 2023	
Allowable Net Cash Resources (3 mo avg expenses	#DIV/0!
Ending SFSP Account Balance from 2023	$ -
Is there an Excess Cash Balance?	#DIV/0!

Accumulation of Unused Reimbursement

If an agency has accumulated unused reimbursement, consider the following:

❑ Review program expenses to ensure all allowable costs have been identified and properly allocated to the SFSP. Refer to the allowable costs outlined in the Financial Management one-pager.

❑ Evaluate the SFSP menu to ensure high quality, healthy meals are provided. For ideas, refer to The Summer Food Service Program Nutrition Guide for Sponsors, which includes best practices and tips for serving high quality meals and incorporating local foods, as well as sample cycle menus.

❑ Consider incorporating more local foods.

❑ Determine if additional or updated kitchen equipment is needed. Keep in mind that this cost may need to be shared with other Child Nutrition Programs operated by the agency.

❑ Provide additional training to staff, which can include sending staff to conferences on child nutrition related topics.

❑ Consider if the Program could benefit from additional staff to monitor sites or provide supervision of meal service and promotion of healthy eating and physical activity at the sites. See the Summer Meals, Summer Moves hands-on resource kit for ideas and resources.

❑ Evaluate community needs to determine if expansion of the Program (i.e., more sites, mobile route, rural non-congregate meals) is needed.

❑ Expand the Program's marketing campaign to increase participation. For ideas, review Marketing your SFSP.

❑ Consider transferring some of the excess balance to another Child Nutrition Program (within Fund 50 or the Nonprofit Food Service), to off-set the expenditures incurred in the other USDA federal food programs.

WISCONSIN DEPARTMENT OF
Public Instruction
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