



Definitions

Unpaid Meal Charges

The outstanding amount due to the food service fund for meals already provided to the student. These charges must be reported as accounts receivable in the food service fund. These charges should be tracked as negative balances on the students' accounts in the point of sale (POS).

Delinquent Debt

Overdue balances with active, reasonable efforts being made to collect the outstanding amount due. A debt owed (accounts receivable) to the nonprofit food service account is an asset.

Uncollectable Debt and Bad Debt

“Uncollectable debt” is an overdue balance no longer considered collectable due to efforts determined as unproductive or too costly. This uncollectable debt must be reclassified by local officials as “bad debt” in order to be written off and replenished by sources of funds from outside the food service fund (credit the accounts receivable and debit another asset, such as cash or due from account within Fund 21).

Donations

If the School Food Authority (SFA) receives donated funds to be used to cover unpaid meal charges, they must first be used to offset bad debt. The district must deposit donated funds outside of the food service fund (using source code 1920). The amount of bad debt covered by donated funds must be removed from the balance sheet of the food service fund with a credit to accounts receivable and a debit to the cash or due from account. The bad debt must be reported in the general fund or other grant fund, with a debit (using object code 0890) and a credit to cash or due to account.

All nonfederal funds that are used to cover unallowable costs, including bad debt, must be maintained in a separate account, outside of Fund 21 - food service fund. The food service fund must not be used to cover costs related to the bad debt, such as continued legal and collection costs.

The use of donated funds should be fair and consistent (not student specific).

Resources

Please visit our webpage for [Unpaid Meal Charges](#) resources.

For more information on bad debts, please see memo [SP 47-2016 – Unpaid Meal Charges: Clarification on Collection of Delinquent Meal Payments](#)

Reminder – All school food authorities are required to have a meal charge policy in place as of July 1, 2017.

This institution is an equal opportunity provider.