



# Candor Central School District School Lunch Operations

## Report of Examination

Period Covered:

July 1, 2013 — March 16, 2015

2015M-173



Thomas P. DiNapoli

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# State of New York Office of the State Comptroller

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## **Division of Local Government and School Accountability**

November 2015

Dear School District Officials:

A top priority of the Office of the State Comptroller is to help school district officials manage their districts efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support district operations. The Comptroller oversees the fiscal affairs of districts statewide, as well as districts' compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving district operations and Board of Education governance. Audits also can identify strategies to reduce district costs and to strengthen controls intended to safeguard district assets.

Following is a report of our audit of the Candor Central School District, entitled School Lunch Operations. This audit was conducted pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law.

This audit's results and recommendations are resources for district officials to use in effectively managing operations and in meeting the expectations of their constituents. If you have questions about this report, please feel free to contact the local regional office for your county, as listed at the end of this report.

Respectfully submitted,

*Office of the State Comptroller  
Division of Local Government  
and School Accountability*

# Introduction

## Background

The Candor Central School District (District) encompasses the Towns of Candor, Spencer and Tioga and the Village of Candor in Tioga County; and the Towns of Caroline and Danby in Tompkins County.

The District is governed by the Board of Education (Board), which is composed of seven elected members. The Board is responsible for the general management and control of the District's financial and educational affairs. The Superintendent of Schools is the chief executive officer and is responsible, along with other administrative staff, for the District's day-to-day management under the Board's direction.

The District operates two cafeterias, which are located in the high school and elementary school buildings. The cafeterias offer breakfast, lunch and à la carte foods to approximately 770 students and 180 employees. There are 11 cafeteria staff members, including a Cafeteria Manager who manages school lunch operations. The District's budgeted appropriations for the school lunch fund for the 2014-15 fiscal year were \$469,170, funded primarily with federal and State aid and revenue from the sale of food to students and employees.

President Harry S. Truman implemented the 1946 National School Lunch Act as a "measure of national security, to safeguard the health and well-being of the Nation's children." The National School Lunch Program (NSLP) is part of the Child Nutrition Program (CNP), regulated under the Child Nutrition Act (CNA) and funded through the United States Department of Agriculture (USDA). The CNP also funds programs for school breakfasts, after-school snacks and a summer meal program for children lacking a healthy diet. The School Breakfast Program was established by Congress as a pilot in 1966 and became a permanent program in 1975. In 1998, Congress expanded the NSLP to include cash reimbursement for snacks served in certain after-school educational and enrichment programs.

All schools that participate in these programs are required to offer free and reduced-price meals to low-income children, adhere to federal nutritional standards and implement wellness policies that promote healthy school environments. The USDA buys billions of dollars of commodity foods (unprocessed or partially processed foods) to provide schools participating in the NSLP with access to low-cost ingredients. Although the CNA has permanent authorization, it is reauthorized on a rolling basis every five years, giving Congress the opportunity to review and amend it. In 2010, the CNA was

reauthorized under a new name, the Healthy Hunger-Free Kids Act. Changes to both nutritional standards<sup>1</sup> and funding were included in this reauthorization.

In public schools, students pay for meals either at full price or through the free and reduced-price meal program of the NSLP. Any child at a school participating in the NSLP may purchase a meal. Children from families with incomes at or below 130 percent of the poverty level are eligible for free meals. Families with incomes between 130 and 185 percent of the poverty level are eligible for reduced-price meals, for which students can be charged no more than \$.40. For the 2014-15 school year, the federal reimbursement rates were \$.34 for each full-price meal, \$2.78 for a reduced-price meal and \$3.04 for each free meal. Schools in which 60 percent or more of the lunches in the second preceding school year were served free or at reduced-price received an additional \$.02 cents reimbursement for each free, reduced-price or paid meal served. Reimbursement amounts are increased annually to account for inflation.

## **Objective**

The objective of our audit was to determine whether District officials are ensuring that meals offered to students are nutritious and prepared in the most economical and productive manner possible. Our audit addressed the following related question:

- Are District officials ensuring that meals offered to students are nutritious and prepared economically?

## **Scope and Methodology**

We examined the District's school lunch operations for the period July 1, 2013 through March 16, 2015. We interviewed District and New York State Education Department (SED) officials in order to determine whether the meals served were nutritious. We reviewed staffing and financial information to determine if meals are prepared in a productive and economical manner. We also reviewed financial information back to July 1, 2011 for various cafeteria costs.

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). More information on such standards and the methodology used in performing this audit are included in Appendix C of this report. Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

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<sup>1</sup> <http://www.gpo.gov/fdsys/pkg/FR-2012-01-26/pdf/2012-1010.pdf>

**Comments of  
District Officials and  
Corrective Action**

The results of our audit and recommendations have been discussed with District officials, and their comments, which appear in Appendix B, have been considered in preparing this report. District officials generally agreed with our recommendations and indicated they have initiated corrective action.

The Board has the responsibility to initiate corrective action. Pursuant to Section 35 of General Municipal Law, Section 2116-a (3)(c) of New York State Education Law and Section 170.12 of the Regulations of the Commissioner of Education, a written corrective action plan (CAP) that addresses the findings and recommendations in this report must be prepared and provided to our office within 90 days, with a copy forwarded to the Commissioner of Education. To the extent practicable, implementation of the CAP must begin by the end of the next fiscal year. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. The Board should make the CAP available for public review in the District Clerk's office.

## School Lunch Operations

School districts are required to serve meals that comply with federally established nutritional guidelines. These meals should be served in the most economical manner possible by charging the appropriate prices for meals and collecting all eligible aid. In addition, meals should be prepared with food obtained at the lowest reasonable cost and using optimal employee productivity. The production of meals over a specified period of time is a measure of the efficiency of the school lunch operation. The number of meals produced divided by the staffing hours to produce those meals, also known as the meals per labor hour<sup>2</sup> (MPLH), provides the District with a measurable figure to gauge these aspects of its operation. Districts can use MPLH to make adjustments to operations to ensure staff is preparing foods in the most productive manner possible. When meal costs and employee productivity are properly controlled and monitored, school lunch operations should function without subsidies from other District funds.

The District is serving nutritious meals to its students. However, the meals cost more to prepare than the revenue generated by the meal sales. In addition, the District's productivity level for MPLH is below the industry average. Although the industry average may not be achievable given certain District conditions, District officials can use the industry average to monitor operations and work towards increasing productivity.

Nutritional Standards – The District offers nutritious meals to the students. The District's menus were certified by SED as being compliant with the new federal meal pattern requirements. The District receives an additional \$.06 per meal in federal aid for its compliance with these nutritional guidelines.

Meal Costs – The District served approximately 699 meal equivalents (ME)<sup>3</sup> daily during the 2013-14 school year at a cost of approximately \$445,000. During our audit period, the District claimed and received the appropriate amount of available federal and State aid for school lunch operations. This is, in part, because cafeteria staff are knowledgeable regarding what constitutes a reimbursable meal and ensure that students are taking the necessary components for the meal

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<sup>2</sup> Meals per labor hour is an industry-accepted standard used to determine the adequacy of staffing levels in a school food service operation.

<sup>3</sup> An ME includes the conversion of the number of breakfast and à la carte sales into an equivalent number of lunches. A single lunch is the standard by which any measure is calculated.



to qualify for aid.<sup>4</sup> In addition, District officials take the necessary steps to enroll all eligible students in the free and reduced-price lunch program, either through direct certification<sup>5</sup> or the application process.

However, while the full-price rates charged to students and staff met minimum pricing guidelines established by State and federal agencies, the average costs to produce meals well exceeded the prices charged. For instance, over the last three fiscal years, the average cost to produce a meal was \$3.66, while the revenue including aid was \$3.13, resulting in a \$.53 loss per ME. Furthermore, a loss per ME has occurred in each of the last three school years:

**Figure 1: Meal Costs Compared to Revenues Per ME**

	2011-12	2012-13	2013-14	Average	% Change
Revenue per ME	\$2.99	\$3.26	\$3.13	\$3.13	4.7%
Cost of Food and Materials per ME	\$1.49	\$1.56	\$1.59	\$1.55	6.7%
Cost of Labor and Benefits per ME <sup>a</sup>	\$1.98	\$2.42	\$1.94	\$2.11	-2.0%
<b>Total Cost per ME</b>	<b>\$3.47</b>	<b>\$3.98</b>	<b>\$3.53</b>	<b>\$3.66</b>	<b>1.7%</b>
Profit/(Loss) per ME	(\$.48)	(\$.72)	(\$.40)	(\$.53)	
School Lunch Results of Operations <sup>b</sup>	(\$75,003)	(\$57,800)	\$1		
Results of Operations without General Fund Transfers	(\$75,003)	(\$104,961)	(\$50,671)		

<sup>a</sup> Prior to the 2012-13 school year, some employee benefits were recorded in the general fund. Additionally, from the 2012-13 to 2013-14 school year, staff retirements and a change in health insurance options provided savings for the fund.

<sup>b</sup> The fund received, on average, an annual transfer of approximately \$48,900 in the 2012-13 and 2013-14 school years from the general fund.

Even though the costs to produce a meal have increased at a slower pace than the corresponding revenues, a deficit occurred in each of the last three years. This is partly because the selling price for a full-priced meal plus any State and federal aid did not cover the costs to prepare these meals. For example, the selling price of a full-priced lunch for the 2013-14 school year was \$2.05. With federal and State aid of approximately \$.40, the total lunch revenue was \$2.45 per full-priced meal sold. This means that for every full-priced lunch equivalent sold a \$1.08 loss occurred at the current level of costs.

The average revenue per ME is \$3.13 due to à la carte sales and federal and state aid received for all types of meals sold. However,

<sup>4</sup> Under federal guidelines, a reimbursable meal in an “offer” operation (used at the District) consists of a student choosing three out of five meal components, with one half cup of fruit and vegetables required as part of the meal.

<sup>5</sup> Direct certification is a process to certify all eligible students for free school meals without any application process if they reside in a household that receives supplemental nutrition assistance or Medicaid. Any school age child in the household is eligible for meals at no charge.



because payroll costs should not increase significantly if the number of MEs increased,<sup>6</sup> each additional ME would result in increased revenue of \$3.13 and increased costs of only \$1.59. For this reason, as the volume of MEs increases, the total cost per meal decreases and, as shown in Figure 2, the operation would break even at a volume of about 142,000 MEs per year (a 13 percent increase) given the current average revenue per ME. Conversely, based on the \$3.53 total cost per ME, the District would need to increase the average revenue per ME to at least \$3.53 or slightly higher to break even at its current volume (also shown in Figure 2).

Figure 2: Breakeven Scenarios						
Meal Equivalents	Profit or Loss Based on Average Revenue per ME					
	\$3.13	\$3.20	\$3.30	\$3.40	\$3.50	\$3.54
126,000	\$(50,643)	\$(41,823)	\$(29,223)	\$(16,623)	\$(4,023)	<b>\$1,017</b>
128,500	\$(42,818)	\$(33,823)	\$(20,973)	\$(8,123)	\$4,727	<b>\$9,867</b>
131,000	\$(34,993)	\$(25,823)	\$(12,723)	\$377	\$13,477	<b>\$18,717</b>
133,500	\$(27,168)	\$(17,823)	\$(4,473)	\$8,877	\$22,227	<b>\$27,567</b>
136,000	\$(19,343)	\$(9,823)	\$3,777	\$17,377	\$30,977	<b>\$36,417</b>
138,500	\$(11,518)	\$(1,823)	\$12,027	\$25,877	\$39,727	<b>\$45,267</b>
141,000	\$(3,693)	\$6,177	\$20,277	\$34,377	\$48,477	<b>\$54,117</b>
143,500	\$4,132	\$14,177	\$28,527	\$42,877	\$57,227	<b>\$62,967</b>
146,000	\$11,957	\$22,177	\$36,777	\$51,377	\$65,977	<b>\$71,817</b>
148,500	\$19,782	\$30,177	\$45,027	\$59,877	\$74,727	<b>\$80,667</b>
151,000	\$27,607	\$38,177	\$53,277	\$68,377	\$83,477	<b>\$89,517</b>
153,500	\$35,432	\$46,177	\$61,527	\$76,877	\$92,227	<b>\$98,367</b>

According to the District Treasurer, prior to the 2014-15 school year, the full-priced rates had not been raised in three years. However, even with the rate increase, it does not cover the costs to produce a meal; costs would still need to be further reduced or participation increased significantly. Therefore, a combination of increasing MEs sold and increasing prices<sup>7</sup> would be more reasonable to achieve results closer to breakeven.

In addition to the disparity between costs and revenue generated per ME, the ME per enrollment for the school lunch program declined from the 2011-12 to 2012-13 school year and then increased slightly

<sup>6</sup> This assumes the cafeteria staff has additional capacity to sell more MEs at its current staffing levels which is likely given the below-standard MPLH discussed in the following Productivity section.

<sup>7</sup> Prices would include those for full-priced lunches, adult lunches or à la carte menu offerings.

in the 2013-14 school year. Overall, the ME per enrollment changes<sup>8</sup> resulted in a 3.5 percent decrease in the number of daily MEs from 724 to 699.

While the number of MEs served has declined, the cost to produce a ME has increased. Over the last three years, the cost per ME for food and materials increased 6.7 percent from \$1.49 to \$1.59, or \$.10 per ME. Although the District uses a cooperative bid to purchase food and materials, uncontrollable factors often result in cost increases for food. For instance, the cost of food for any consumer, including the District, increases annually because of factors like weather disturbances<sup>9</sup> or animal and crop diseases. According to the USDA, the Consumer Price Index (CPI) for food<sup>10</sup> increased approximately 5.8 percent from the 2011-12 to 2013-14 school years, which represents approximately 86 percent of the increase in food costs the District experienced during this same period of time. This means that approximately \$.09 of the \$.10 increase in producing an ME was likely beyond the District's control. Additionally, personal service and employee benefit costs have remained steady at approximately 57 percent of the total ME costs. For the 2013-14 school year, personal services were \$1.16 per ME and benefits another \$.78 per ME, or \$1.94 of the \$3.53 ME cost. Therefore, the majority of the costs of producing an ME are driven by the personal service costs and benefits provided to employees.

Productivity – Industry standards for MPLH consider many factors, including the type of service being provided, production system, amount of convenience foods used, skill levels of employees and complexity of the menu. The District's cafeteria uses a conventional system<sup>11</sup> for food preparation. MPLH standards for a conventional system with daily MEs of 601 to 700 range from a low of 16 to a high of 18. The District's MPLH for the 2013-14 school year<sup>12</sup> was 13.16, which is lower than industry standards.<sup>13</sup>

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<sup>8</sup> From 2011-12 to 2013-14, student enrollment was down from 800 to 767.

<sup>9</sup> A weather disturbance such as a drought can negatively impact the availability of certain products, resulting in price increases.

<sup>10</sup> The USDA's Economic Research Service compiles CPI index series for industry and market segments. We used the CPI index series for food at elementary and secondary schools to calculate the CPI change for the three school years in our scope.

<sup>11</sup> A conventional system is one in which food is purchased in various processed stages from raw ingredients to some pre-processed foods, which will require additional processing before use. In contrast, a convenience system uses food items that have been pre-processed and may or may not require additional preparation before service.

<sup>12</sup> This was calculated using just the staff's actual work hours and does consider any overtime or extra hours.

<sup>13</sup> The industry-standard range used is consistent with the District's system for food preparation.

When MPLH falls below the industry standards, adjustments to a multitude of factors can assist the operation in becoming more efficient. Such changes could include adjustments to the number and skill level of staff, the number of serving lines, the production methods and the complexity of menu items, or efforts to increase student participation. The two largest factors impacting MPLH are MEs and labor hours. If just looking at improving the District's MPLH by adjusting labor costs, we determined District officials would need to reduce total annual labor hours by 18 percent to 27 percent, which could affect the District's ability to serve quality, nutritious food. By just increasing MEs, the District would need to significantly increase the number of students and staff using the cafeterias to generate an additional 151 and 257 daily MEs. Because it is not possible or practical for the District to achieve the industry standards by adjusting just one factor – reducing staff or increasing sales – by the amounts needed to reach the industry standards, it must consider adjusting multiple factors in order to move towards the MPLH industry standards.

Fiscal Impact – The District reported deficits in its school lunch fund totaling more than \$230,000 over the last three fiscal years. During this same time period, the fund's assigned unappropriated fund balance declined to \$0. Ultimately, the fund will require a subsidy from the general fund, which materially affects the tax levy growth.

Figure 3: Financial Results of School Lunch Fund			
Fiscal Year	Revenues	Expenditures	Difference
2011-12	\$389,568	\$464,571	(\$75,003)
2012-13	\$384,415	\$489,376	(\$104,961)
2013-14	\$394,352	\$445,023	(\$50,671)
<b>Total</b>	<b>\$1,168,335</b>	<b>\$1,398,970</b>	<b>(\$230,635)</b>

If the need for the operational subsidies was reduced or eliminated, those resources could be used for other District purposes.

## Recommendations

District officials should:

1. Closely monitor cafeteria operational costs and, where possible, implement plans to control the costs of food, materials, labor and benefits.
2. Monitor the MPLH and consider taking measures to move toward the industry standard for MPLH.

## APPENDIX A

### SAMPLE MEALS PER LABOR HOUR CALCULATION

A sample calculation is provided for illustrative purposes. The assumptions include that the District is under 60 percent free and reduced lunch participation (FRLP), has a breakfast average daily participation (ADP) of 150, a lunch ADP of 500 and annual à la carte revenue of \$65,000. The calculation also assumes that there are 180 days in the school year, that the month of September has 21 serving days and daily operations require 50 labor hours.

- Step 1: Determine the number of MEs served on a daily, monthly or annual basis. An ME includes the conversion of the number of breakfasts into an equivalent number of lunches. A single lunch is the standard by which any measures are calculated.

Calculation of Annual MEs			
Breakfast ADP			150
Conversion factor	x	66%	
Converted Breakfasts			99
Lunch ADP	+		500
Total Daily MEs	=		599
Number of School Days	x		180
Annual MEs			107,820

- Step 2: Convert the à la carte revenue using the federal free lunch reimbursement rate for the school year based on FRLP participation, available at [http://portal.nysed.gov/portal/page/pref/CNKC/Reimbursement\\_pp/2013-14%20rates.pdf](http://portal.nysed.gov/portal/page/pref/CNKC/Reimbursement_pp/2013-14%20rates.pdf) and the commodity value per meal, available at <http://www.fns.usda.gov/fdd/value-donated-foods-notices>.

Conversion of À la Carte Revenue to MEs			
À la Carte revenue			\$65,000
Federal rate + commodity value	/	\$3.0499 + \$0.2325	
ME for à la carte revenue	=		19,803

- Step 3: Add total MEs and determine the annual and daily ME.

Calculation of Daily MEs			
MEs for Lunch and converted breakfast			107,820
MEs for à la carte converted revenue	+		19,803
Annual ME	=		127,623
Days in school year	/		180
Daily MEs	=		709

- Step 4: Using the ME calculated in step 3, divide by the total labor hours for the period of time to determine the MPLH. If the MPLH calculation is for a month, then determine the total labor hours and MEs for the month.

<b>Calculation of September 2014 MPLH</b>			
Number of days served			21
Labor hours per day	x	50	
Labor hours for the month	=	1,050	
Daily MEs			709
Number of days served	x	21	
ME served for the month		14,889	
MEs served for the month		14,889	
Labor hours for the month	/	1,050	
MPLH for the month of September	=	14.18	

The calculated MPLH for the month of September can now be reviewed and compared to industry standards.

MEs		Conventional		Convenience	
Lower	Upper	Low	High	Low	High
0	100	8	10	10	12
101	150	9	11	11	13
151	200	10.5	12	12	14
201	250	12	14	14	15
251	300	13	15	15	16
301	400	14	16	16	18
401	500	14	17	18	19
501	600	15	17	18	19
601	700	16	18	19	20
701	800	17	19	20	22
801	900	18	20	21	23
901	∞	19	21	22	23

## **APPENDIX B**

### **RESPONSE FROM DISTRICT OFFICIALS**

The District official's response to this audit can be found on the following pages.



# CANDOR CENTRAL SCHOOL

P. O. Box 145  
Candor, New York 13743-0145

JEFFREY J. KISLOSKI  
Superintendent  
Phone 607-659-5010  
Fax 607-659-7112

November 17, 2015

[REDACTED]  
Office of the New York State Comptroller  
Division of Local Government & School Accountability  
110 State Street, 12<sup>th</sup> Floor  
Albany, NY 12236

Dear [REDACTED]

Please consider the following a response and corrective action plan to the Report of Examination of Candor Central School District for the period of July 1, 2013 to March 16, 2015.

The objective of the audit of Candor Central School District was to determine whether District officials are ensuring that meals offered to students are nutritious and prepared in the most economical and productive manner possible.

The Report of Examination made the following recommendations:

1. *District officials should closely monitor cafeteria operational costs and, where possible, implement plans to control the costs of food, materials labor and benefits.*

The school district will continue to monitor operational costs of food, materials, supplies, labor and benefits. Additionally, the District is currently involved in a large scale capital project which will renovate both kitchens and cafeterias. It is anticipated that the capital improvements will reduce maintenance and repair costs. It is also expected to improve efficiency and productivity in both kitchens. The capital project will also improve the appearance of the cafeteria, potentially increasing school lunch sales.

2. *District officials should monitor the Meals Per Labor Hour (MPLH) and consider taking measures to move toward the industry standard for MPLH.*

As mentioned during our exit interview, the District has exceedingly high standards for the quality of food produced. Many products are made from scratch, which leads directly to their popularity among students and increased sales. This philosophy, however, does affect efficiency and MPLH to some extent. To sacrifice quality to improve MPLH may result in lower cafeteria sales volume.

Candor Junior-Senior High School  
Phone 607-659-5010  
Fax 607-659-4692

Candor Elementary School  
Phone 607-659-3935  
Fax 607-659-4688

Special Education Department  
Phone 607-659-7727  
Fax 607-659-4688

[www.candor.org](http://www.candor.org)



The District will continue to monitor MPLH as it compares to industry standards, and seek efficiencies where possible. The District also anticipates an improvement in efficiency and productivity following the kitchen improvements that will be completed in the capital project that is currently underway.

As expressed during the exit conference, we found the external audit process very helpful. The Board of Education and Administration are committed to ensuring that your recommendations are implemented in an effort to continually improve the effective and efficient management of the District's School Lunch Program.

Respectfully,

Jeffrey J. Kisloski  
Superintendent

## APPENDIX C

### AUDIT METHODOLOGY AND STANDARDS

To accomplish our objective, we interviewed appropriate District officials, tested selected records and observed school lunch operations for the period July 1, 2013 through March 16, 2015. To analyze the District's historical school food service results, we extended our audit scope back to July 1, 2011. Our examination included the following procedures:

- We interviewed District officials and observed school lunch operations to gain an understanding of the processes and controls, including meal production, serving methods and staff knowledge of what constitutes a nutritious and reimbursable meal.
- We contacted SED representatives to gain an understanding of the menu analysis process and the subsequent certifications that result from the District's menus complying with the nutritional requirements.
- We reviewed the District's food purchasing processes to determine if officials participated in a cooperative bid process and whether the costs of the purchases matched the bids for that time period.
- We analyzed the Delaware-Chenango-Madison-Otsego BOCES bids from August 2011 to February 2014 to determine the cost increases the District has paid.
- We calculated the MEs for the last three completed fiscal years from 2011-12 to 2013-14. See <http://www.nfsmi.org/documentlibraryfiles/PDF/20080225030902.pdf> pages 64 to 66 for the calculation steps to determine MEs. We used this figure to determine the ADP for fiscal years 2011-12 to 2013-14, assuming a 180-day school year.
- We calculated the costs and revenues of the school lunch operations for the three completed fiscal years and analyzed the results for trends in the "per ME" revenues and costs to determine if the increases in costs and revenues followed similar trends. We also determined what part, if any, of the increases the District could control.
- We used the USDA's CPI index data to calculate the change in CPI from the 2011-12 school year to the 2013-14 school year to determine what amount of food cost increases the District could not control.
- We reviewed the prices that students and staff paid for school lunches to determine if the District was charging the appropriate prices based on the USDA and SED guidance.
- We reviewed the staff levels and daily per ME production. We calculated the District's meal per labor hours to determine if productivity levels were within the accepted industry standards (<http://www.nfsmi.org/documentlibraryfiles/PDF/20080225030902.pdf>). We also calculated the necessary changes in labor hours or revenues the District would need to achieve to meet the industry standards.

- We calculated the total increase in the amount of real property taxes and how much the taxes grew during the last three years. We determined the percentage that the school lunch program deficits represented as compared to the total real property taxes and the growth of the taxes during this time.

We conducted this performance audit in accordance with GAGAS. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

## **APPENDIX D**

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**DIVISION OF LOCAL GOVERNMENT**  
**AND SCHOOL ACCOUNTABILITY**

Andrew A. SanFilippo, Executive Deputy Comptroller  
Gabriel F. Deyo, Deputy Comptroller  
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