



HNS # 09-2025

Original Signed

MEMORANDUM

To: Public School District and Charter School Administrators and Food Service Directors

From: Melissa Conner, Senior Deputy Associate Superintendent
Arizona Department of Education, Health and Nutrition Services Division

Date: September 23, 2025

Subject: Subsidy for Reduced-Price Meals in Fiscal Year 2025 Annual Financial Report

This memorandum is to inform all Public School Districts and Charter Schools how to report the subsidy for reduced-price meals revenue on the Fiscal Year (FY) 2025 Annual Financial Report (AFR). The subsidy for reduced-price meals is funds received from the FY 2025 State General Fund. The funds are distributed by the Arizona Department of Education (ADE) to National School Lunch Program (NSLP) and School Breakfast Program (SBP) operators to cover the cost of eliminating meal co-payments that would otherwise be charged to children eligible for reduced-price meals. On the NSLP/SBP meal site claims, the total amount of reduced-price subsidy funds issued is listed separately from the reduced-price meal reimbursement and labeled as “Add-On for Reduced-Price Meal Subsidy”.

Public School Districts are required to code the FY 2025 reduced-price subsidy reimbursement to Fund 510, Object Code 3200. Districts should check how these revenues were coded in FY 2025. If these revenues were not coded to Fund 510 and Object 3200, districts **must** make an adjusting journal entry in their FY 2025 accounting records to correct the coding before uploading the records to the FY 2025 AFR file.

All Public School Districts that received these FY 2025 monies **must** replace the formula in cell D11 on the Food Service tab of the FY 2025 AFR with the formula provided by the Auditor General for that cell in the Formula Corrections file. The amount reported to Object Code 3200 will then be recorded under Revenues Line 4 (Other Local) and combined with any other local food service revenues. If the districts do not replace the formula, the amount will not pull to that line. Updated coding in the districts’ accounting records must reflect what is described in this memo. Districts receiving these monies must

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obtain the new formula and instructions for replacing the formula from the Formula Corrections file that the Auditor General will post on the Forms page of their website next week. This guidance also applies to district coding of these monies in FY 2026.

Charter Schools are required to code the FY 2025 reduced-price subsidy reimbursement to Object Code 1900. On the Food Service AFR worksheet, the amount reported to Object Code 1900 must be recorded under Revenues Line 3 (1900 Other revenues and gains from local sources). For FY 2026, Charter Schools should code the revenues to object 3200, as the Auditor General will add a space for that code in the Food Service tab of the FY 2026 AFR next year.

ADE Health and Nutrition Services is offering a *How to Complete the Food Services AFR* training webinar on September 23, 2025. Register here:

<https://azed.geniussis.com/Registration.aspx?aid=11002>. If you are unable to attend the live webinar, a recording will be placed in the Online Training Library located here: [Training for the National School Lunch and School Breakfast Programs | Arizona Department of Education](#).

As a reminder, the FY 2025 Public School District and Charter School AFR are due on October 15, 2025.

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