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Governor

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**EDUCATION AND WORKFORCE DEVELOPMENT CABINET
DEPARTMENT OF EDUCATION**

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TO: Victor Steffen, FND
Southgate Independent Schools

FROM: Denise Hagan, Director *DH*
Division of School and Community Nutrition

DATE: December 8, 2011

SUBJECT: Net Cash Resources

According to the federal regulation at 7 CFR 210.14(b), the food service program is required to limit the net cash resources available to an amount that does not exceed three (3) months average expenditures.

According to the federal regulation at 7 CFR 210.19(a) (2), KDE is required to monitor the net cash resources on hand and approve any amount in excess of the three (3) month limit.

Using the information submitted on your Claim for Reimbursement, we calculated that your district had net cash resources totaling 7.4199 months average expenditures following the October, 2011 claim for reimbursement.

Before we can approve the continued holding of that amount, we must be apprised of your plan to reduce the net cash resources on hand to the limit stipulated in the regulation. That plan must identify specific allowable expenditures and include target dates; both short and long term. In short, how do you plan to reduce the net cash resources to the acceptable level? The regulation itself mentions such avenues as reducing or maintaining meal prices or improving food quality. We would also consider purchase of equipment or allowable construction or renovation expenditures to be acceptable. We will be monitoring expenditures monthly and would expect to see a decrease in excess balances.

Please inform us of your plans on or before April 15, 2012. An electronic response addressed to sue.bartenfield@education.ky.gov is acceptable.

If you have questions, please let me know.

DH/lzh