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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:** November 24, 2010

**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 3.8339 months average expenditures following the October, 2010 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 December 17, 2010. An electronic response addressed to Sue Bartenfield at [Sue.Bartenfield@education.ky.gov](mailto:Sue.Bartenfield@education.ky.gov) is acceptable.

If you have any questions, please let me know.

Denise Hagan, Director  
School and Community Nutrition

