

Excess Net Cash Resources Plan

Federal regulations (7 CFR 210.19(a)(1)) require state agencies to monitor the level of net cash resources in a district's food service fund, and that the level not exceed a certain amount. The Texas Department of Agriculture (TDA) requires that the level of net cash resources not exceed six months' average expenditures, as reported in the food service fund. Net cash resources are defined as:

All monies, as determined in accordance with the State agency's established accounting system, that are available to or have accrued to a school food authority's nonprofit school food service at any given time, less cash payable. Such monies may include, but are not limited to, cash on hand, cash receivable, earnings on investments, cash on deposit and the value of stocks, bonds or other negotiable securities. (7 CFR 210.2)

Net Cash Resources Calculation	
<p>Current Assets Codes:</p> <p>1100 Cash and cash equivalents 1120 Current investments 1240 Due from other government (may also be called receivables from other government) 1300 Inventories 1410 Prepayments</p> <p>* Net cash resources do not include food inventories (including USDA Foods), equipment, or other non-cash resources.</p>	<p>Current Liabilities Codes:</p> <p>2110 Accounts payable 2120 Short term debt payable—current 2150 Payroll deductions and withholding payable 2160 Accrued wages and benefit payable 2170 Due to other funds 2180 Due to other governments 2190 Due to student groups 2200 Accrued expenditures 2300 Unearned revenues</p>

Action Steps:

1. At fiscal year-end, use the above assets and liabilities codes to complete the following:
 - Current Assets (Excluding Inventories) – Current Liabilities = Net Cash Resources
 - (Total Expenditures / number of operating months) x 6 months = Six-Month Average Expenditures
2. Respond with a detailed current spending plan to reduce the resources in excess. Use the spending plan template on the next page as follows:
 - Provide an itemized list of allowable expenses used to reduce the excess cash resources—for example, expenses used to improve the quality of meals or the purchase/replacement of food service equipment.
 - Provide a detailed explanation of how the listed expenses will be used for the support of the food service program and are necessary, reasonable, allocable, and allowable under federal and state rules and regulations
3. Email the spending plan to School.Operations@TexasAgriculture.gov.

For more information, see the *Administrator's Reference Manual (ARM), Section 16, Financial System*.

Contracting Entity (CE):

Fiscal Year Start Date (MM/YYYY):

School Year:

Date:

Net Cash Resources Current Assets (Excluding Inventories) - Current Liabilities	\$
Six-Month Average Expenditures (Total Expenditures / operating months) x 6 months	-\$
Excess Net Cash Resources (Excess Fund Balance)	\$

Description of allowable expenditure(s) proposed to decrease excess net cash resources:

<u>Description of activity</u>	<u>Unit(s)</u>	<u>Estimated Cost</u>	<u>Time frame</u>
TOTAL Must be greater than or equal to the Excess Net Cash Resources amount		\$	

Please provide a short narrative explaining the following:

- **How the above expenses benefit the School Nutrition Program(s) and comply with procurement regulations.**
- **The processes that will be in place to prevent excess net cash resources from reoccurring in the future at all sites.**

Signature of Representative Authorized in TX-UNPS

Date

Printed Name of Representative Authorized in TX-UNPS

TDA Approval

Date