

## Excess Funds Calculations for the End of the School Year

Federal regulations for the nonprofit school foodservice account include limiting net cash resources to three months' average expenditures. [7 CFR 210.19\(a\)\(1\)](#) For the past three years, NDDPI has allowed for an extra 25% of the average operating expenses to remain in the food service account. For the school year 2023-24, DPI will continue to use this calculation.

Please make any transfers from the Food Service Funds (Labor, etc.) before reporting your numbers to Fiscal at DPI so that your Food Service Fund doesn't appear to be in excess. If it is found to be in excess, our office will contact you to create a spend-down plan.

### *As an example, let's look at ABC School.*

According to the numbers reported to NDDPI at the end of last school year, the ABC School Food Service Account had:

- Beginning Balance: \$60,755.00
- Revenues of: \$321,804.81
- Expenses for the year: \$285,207.14
- Ending balance of: \$97,352.67

We take the reported expenses in the Foodservice account ONLY for our calculations and divide it by 3. In this case, the expenses for the year are  $\$285,207.14 / 3 = \$95,069.05$  as a 3-month average operating expense.

The operating expense is also multiplied by .25 to see what extra amount can be kept in reserve to cover the challenges that may pop up. This calculation is  $\$285,207.14 \times .25 = \$71,301.79$ .

ABC School can keep \$95,069.05 plus the extra \$71,301.79 in the account. The ending balance for this school's nonprofit school foodservice account should not exceed \$166,370.84. If it does, the school should make a plan to spend the excess funds down.

Please contact the Child Nutrition and Food Distribution office if you have questions about the calculations or what excess funds can be used on at [dpicnfd@nd.gov](mailto:dpicnfd@nd.gov).