

Net Cash Resource Quick Guide

Nebraska Department of Education: Nutrition Services

Questions? Email nde.nsweb@nebraska.gov

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School food authorities (SFAs) must track net cash resources (NCR) in the nonprofit school food service account (NSFSA). SFA's with NCR exceeding three (3) months average food service expenditures receive a notification from the Nebraska Department of Education (NDE) and are required to submit a plan outlining how the excess funds will be spent.

Important Terms

Net Cash Resources (NCR): *Net cash resources* means all monies, as determined in accordance with the State agency's established accounting system, that are available to or have accrued to the 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.

School Food Authority (SFA): The governing body which is responsible for the administration of one or more schools and has the legal authority to operate the Child Nutrition Programs. The SFA is responsible for maintaining the nonprofit school food service account and observing the requirements for and limitations on the use of nonprofit school food service revenues.

Nonprofit School Food Service Account (NSFSA): Nonprofit school food service account means the restricted account in which the revenue from all food service operations conducted by the SFA principally for the benefit of school children is retained and used only for the operation or improvement of the nonprofit school food service.

Annual Financial Statement (AFR): Non-public SFAs must annually submit a completed AFR in the CNP system by July 15th documenting income, expenditures, and available cash and resources. Public SFA's financial data is pulled directly from the NDE's required annual reports. The NDE Nutrition Services determines NCR amounts from the previous year's AFR.

Justification Plan: Detailed written plan that identifies why an excess cash balance is needed or a detailed spending plan to explain how the SFA will reduce its excess cash balance. Justification Plans should include an itemized list of allowable expenses used to reduce the excess cash balance. The plan must include the timeline for purchases/expenditures, price quotes or invoices for allowable items, and total anticipated cost of allowable items. Provide a detailed explanation of how the listed expenses will be used for the support of the food service program and are **necessary for food service operation, reasonably priced, allocable, and allowable** under federal and state rules and regulations.

Avoiding Excess Net Cash Resource Funds

- Report accurate financial data in the AFR or NDE Annual Reports.
- Ensure NSFSA and excess funds are being consistently monitored.
- Keep records and documentation for equipment replacement and repair.
- Increase salaries for food service workers when NSFSA funds are available.

Allowable vs. Unallowable Costs

Expenditures from the nonprofit school foodservice account must be allocable, reasonable and necessary for the school nutrition program. Purchases must follow state, local, federal, tribal, and other laws and regulations, and be adequately documented.

Allowable Costs	Unallowable Costs
Offering a greater variety of fresh fruits and vegetables to improve the quality of the meals	Replace, repair or purchase of equipment not used exclusively for the operation of Child Nutrition Programs*
Replace, repair, or purchase equipment used exclusively in the operation of the Child Nutrition Programs*	Capital outlay, land, or system improvements, including utility work for renovations done purely for aesthetic reasons
Purchase items to enhance/improve meal service (e.g., salad bars or mobile carts)	Costs incurred prior to the current school year
Engage in Farm to School activities to promote local food	Communication upgrades including telephone or internet service
Improve food service employee benefits: increase salaries, provide internal training opportunities or funds for travel to conferences	Promotional items
Purchase or update Point of Sale (POS) systems	Costs of improperly procured products/services*

All purchases made with NPSFA funds must be **reasonable**. Reasonableness can be identified using the guidance set forth in [2 CFR 200.404](#).

*Any purchases in excess of \$5,000 that are not also identified in the [Nebraska's Child Nutrition Program Approved Equipment List](#) must be pre-approved by the NDE **prior to purchase**. Please contact your School Nutrition Program Specialist to complete the approval process. SFAs will need to retain quotes or invoice documentation for purchases, regardless of cost.

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