

Date: December 14, 2017
For ACTION X
For INFORMATION
Board Agenda: Yes X
No

FROM: Cynthia Hormel, Director of School Nutrition Services

THROUGH: Dr. Lois Berlin, Ed.D., Interim Superintendent of Schools
Richard Jackson, Interim Chief Operating Officer
Michael Herbstman, Chief Financial Officer

TO: The Honorable Ramee A. Gentry, Chair, and Members of the Alexandria City School Board

TOPIC: Supplemental Appropriation of FY 2018 School Nutrition Fund Balance

BACKGROUND: The U.S. Department of Agriculture (USDA), which administers the National School Lunch Program, stipulates that cash reserves may not exceed three months of operating expenses. If an excess balance should occur, the school division must take steps to reduce the balance or have an acceptable plan for using surplus revenues.

Based on the FY 2017 Virginia Department of Education (VDOE) Financial Report for ACPS, the school nutrition program held 4.96 months in net cash resources for the period ending June 30, 2017 which represents excess reserves of approximately \$1.96 million.

VDOE requested and approved a corrective action plan from ACPS School Nutrition Services to reduce the excess fund balance reserves in order to remain in compliance with USDA regulations. The recommendations were to renovate the George Washington cafeteria, serving lines and kitchen prep area. The remaining excess reserve was recommended to support a cafeteria and serving line renovation for Francis C. Hammond.

The attached Alexandria City Public Schools SNS Facilities and Equipment Assessment Executive Summary was completed in 2016 by a team of third-party consultants. This report supports the need for cafeteria improvement projects at these two schools.

The recommendations on how to spend the School Nutrition Fund balance were outlined in the “*Cafeteria Modernization*” plan presented to the ACPS School Board, as information only, at the March 2016 School Board meeting and then subsequently approved by the Board in April 2016.

The George Washington and Francis C. Hammond projects were not completed during the summer of 2017 and, consequently, the funds allocated for this project were assigned to School Nutrition Fund Balance during the financial closeout of FY 2017.

SUMMARY: The George Washington Middle School and Francis C. Hammond Middle School projects are scheduled for completion using FY 2018 funding at an estimated combined cost of \$1.9 million. The amount required for these projects is currently held within the \$5.2 million in School Nutrition Fund balance at the end of FY 2017. An additional School Board appropriation is required to release this \$1.9 million for spending. Following this recommended appropriation, the remaining \$3.3 million in School Nutrition Fund balance will represent just over three months of net cash resources.

The supplemental appropriation motion is attached to this memo.

RECOMMENDATION: The Superintendent recommends that the School Board approve the motion to appropriate an additional \$1.9 million in School Nutrition Fund balance to spendable accounts within the FY 2018 School Nutrition Fund budget.

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ATTACHMENTS:

1. Motion to Adopt a Supplemental Appropriation to the FY 2018 School Nutrition Fund
2. Executive Summary: SNS Facilities and Equipment Assessment