

<p style="text-align: center;">Nutrition Services Department of State Health Services</p>

Effective June 1, 2002

Policy No. AC:27.0

Surplus Funds

Purpose

To provide the local agency (LA) flexibility to achieve maximum utilization of earned administrative funds.

Authority

Current Contract with the State Agency

Policy

Surplus funds are the amount by which maximum earnings exceed actual costs. Such funds shall be accumulated and carried forward on an individual LA basis. The time period during which such funds may be recovered shall be determined by the state agency (SA) based on funding restrictions imposed by the United States Department of Agriculture (USDA) and shall not exceed the term of the contract.

Procedures

- I. LAs may reclaim actual expenses not previously recovered. The LA shall bill in accordance with **Policy AC:28.0**.
- II. The SA shall automatically adjust amounts previously disallowed for exceeding earnings when sufficient funds are earned by an LA during a contract period. Specifically, a current monthly administrative claim for reimbursement shall be increased and paid by the SA for the respective amount available.