



The Riverside School District

SECTION

FINANCE

TITLE

CASH MANAGEMENT

ADOPTED

June 6, 2016

POLICY STATEMENT

The Riverside School District will comply with applicable methods and procedures for payment that minimize the time elapsing between the transfer of funds and disbursement by the District, in accordance with the Cash Management Improvement Act at 31 CFR Part 205.

Generally, the District receives payment from the Pennsylvania Department of Education on a reimbursement basis. 2 C.F.R. § 200.305. However, if the District receives an advance in federal grant funds, the District will remit interest earned on the advanced payment quarterly to the federal agency consistent with 2 C.F.R. § 200.305(b)(9).

According to guidance from the U.S. Department of Education (ED), when calculating the interest earned on ED grant funds, regardless of the date of obligation, interest is calculated from the date that the federal funds are drawn down from the FAI system until the date on which those funds are disbursed by the LEA.

Interest would not accrue if the LEA uses nonfederal funds to pay the vendor and/or employees prior to the funds being drawn down from the FAI system, commonly known as a reimbursement.

PAYMENT METHODS

Reimbursements

The District will initially charge federal grant expenditures to nonfederal funds.

The District Business Manager will request reimbursement for actual expenditures incurred under the federal grants quarterly. Reimbursement requests will be submitted through the FAIU system to the Pennsylvania Department of Education. All reimbursements are based on actual disbursements, not on obligations.

Consistent with state and federal requirements, the District will maintain source documentation supporting the federal expenditures (invoices, time sheets, payroll stubs, etc.) and will make such documentation available for the Pennsylvania Department of Education review upon request.

Reimbursements of actual expenditures do not require interest calculations

Advances

To the extent the District receives advance payments of federal grant funds, the District will strive to expend the federal funds on allowable expenditures as expeditiously as possible. Specifically, the Riverside School District attempts to expend all drawn downs of federal funds within 72 hours of receipt.

The District will hold federal advance payments in interest-bearing accounts, unless an allowable exception applies. The District will begin to calculate interest earned on cash balances once funds are deposited into the District's account.

The District may retain up to \$500 of interest earned per year.