

Procedure:  <b>Cash Flow</b>	Policy: <b>Drawdowns and Reimbursement Requests</b>	Number: <b>GP1900.6</b>
	( ) Complete Revision ( <b>X</b> ) Partial Revision ( ) New	Supersedes: <b>7/1/2015</b>

## Overview of Procedures

The projection of cash flow from grants is an important element of the total District cash flow estimate for the current and future fiscal year. The level of temporary borrowing via Tax Anticipation Notes, the potential need to slow or accelerate Customer payments, and even the ability of the District to meet its payroll obligations are contingent on accurate and reliable cash flow projections. Therefore, cash flow estimates related to grant funds must be as accurate as reasonably possible given the best information available at the time, be updated monthly taking into account new information and analysis, and variances from earlier estimates must be explained.

For the purpose of this procedure, the “cash flow estimate” is defined as the estimated amount and period in which cash will be drawn down from external sources into the District’s accounts based on an estimate of expenditures during that same period. Cash flow is not the same as the budgeted revenue or expenditures in the budget development system which is based on a 12 month estimate of need by the Grant Budget Analyst (GBA) and the Grant Program Manager (GPM). While there should be a strong correlation between the estimated cash flow of a grant fund and the budgeted amounts for revenue and expense in the budget system for a total fiscal year, the cash flow estimate can be different in that it may contain a carry forward of funds drawn down from the prior year including funds that were both earned and unearned, and the same for funds in the following year. In addition, the timing of expenditures and cash draw downs may fluctuate within a fiscal year.

### Significant Events that Impact Actual Grant Cash Flow

There are a number of events that can cause actual cash drawdowns and expenditures during the year to vary significantly from the estimate made months prior:

- The approval of the grant application is delayed.
- The actual award may be materially different than the estimate.
- Actual spending by the grant program manager may be materially faster or slower than projected in the budget system and the Categorical Cash Flow Projection sheet estimates. Slower spending can sometimes be due to reorganizations within the academic office where the lack of focus on grant implementation, or the change in grant focus, or the lack of a signed contract can sometimes cause a slowdown in spending.
- The delayed hiring of personnel can significantly impact the rate of spending and the subsequent drawdown of funds.
- A new grant is awarded after the beginning of the year which may cause the original cash flow analysis to change, sometimes significantly.
- The correction of personnel expense coding process could alter the booked expenditures and future drawdowns.

These factors can cause significant actual deviations from the original estimated cash flow. Grant Fiscal Services is tasked with minimizing the deviations where reasonably possible, and documenting and explaining monthly those that occur so that the Special Finance Office of the District can respond accordingly. To this end, there are two pillars on which grant cash flow estimates are based:

- Grant Fiscal Services plans and budgets awards on a 12-month budgeting basis in the budgeting system the results of which are loaded into the accounting system which also operates on a 12 month basis. This ensures the budget and expenses for grants are consistent with the other funds of the District. Known significant deviations in spending patterns will be reviewed for cause and consequences to determine if budget and spending adjustments may be required, including updates to the Cash Flow Projections sheet (see example).
- GBAs will update the monthly Cash Flow Projection sheet for their assigned grants by the 4th business day after the end of each month taking into account appropriate analysis and interaction with GPMs when needed. Material variances in the actual cash flow to date, and the projected cash flow for the balance of the fiscal year, will be explained. The Special Finance Office will be provided the updated Cash Flow Projection sheet by the 5th business day after the end of each month.

**Procedure Details**

Significant points during the year are as follows:

RESPONSIBLE POSITION	STEP	ACTION TAKEN
GBA	1	<p style="text-align: center;"><b>May</b></p> <p>Develop the updated Current Year (CY) and Request Year (RY) cash flow drawdown projections based on:</p> <ul style="list-style-type: none"> <li>a. actuals to date,</li> <li>b. an estimate of the likely Award in the RY,</li> <li>c. the likely drawdown of cash in the RY based on the projected 12 month budget in the budget system and the likelihood of carry forward of unspent funds into the following fiscal year,</li> <li>d. the type of draw down (i.e., (scheduled pay, upfront, reimbursement drawdown, periodic), and</li> <li>e. the start and end dates of the award.</li> </ul> <p>See GP1900.1 through 1900.5 for draw down mechanisms and practices.</p> <p>The analysis should also take into account any estimated cash on hand on July 1<sup>st</sup> that was not “earned”, that is, cash on hand that does not have expenditures through June 30<sup>th</sup> tied to it which would be used to liquidate the cash. Any such cash on hand July 1<sup>st</sup> would need to have expenditures after July 1<sup>st</sup> be applied to it.</p> <p>Enter the projected monthly cash drawdown estimate on the Cash Flow Projections sheet. Update the CY and complete the RY projection.</p> <p>Complete the analysis and data entry by the 5th working day in May. Document any material deviations in the CY estimate compared to the initial CY estimate from the prior May, and document on the sheet any material changes to grants between the CY and the RY estimates (e.g., grant ending, or expanding, etc.).</p>
Director, Grant Accounting	2	<p>Review all GBA CY and RY projections, ensure an understanding of how the numbers were derived, and summarize any material variances produced by the GBA as described in step #1.</p> <p>Provide the Cash Flow Projections sheet to the Special Finance Office with appropriate documented explanations and analysis by the 10th working day in May.</p>

RESPONSIBLE POSITION	STEP	ACTION TAKEN
Director, Grant Accounting	3	<p>On the 1st business day of each month, the Treasury Department shares a report of revenues received including the amount of PSERS and FICA.</p> <p>On the 1st or 2nd business day of each month, the Director enters actual monthly revenue from the previous month of the current year in Cash Flow Projections sheet.</p> <p>New Sources are added in Source code order in the appropriate section (Scheduled Payor Other) and are highlighted in Green. The highlight indicates to Treasury that new source codes exist and that the codes have been entered into the budget system by the GBA.</p>
GBA	4	<p style="text-align: center;"><b>Monthly</b></p> <p>By the 4<sup>th</sup> business day at after the end of each month, update the Cash Flow Projections for each grant factoring in the following:</p> <ul style="list-style-type: none"> <li>● Rate of actual expenditures to date and potential expenditures for the balance of the fiscal year.</li> <li>● Known reasons why grant spending may be materially higher or lower than expected given the budgeted personnel planned to be paid and other non-personnel costs.</li> <li>● Any other factors, such as a variance in the award amount, or change in academic office structure or focus.</li> <li>● The actual Indirect Costs and PAR charges booked and JV'd against the grant.</li> </ul> <p>To perform this analysis, the GBA will need to review actual expenditures (on-board personnel and non-personnel expenditures) compared to budget and discuss material differences with the grant program manager if necessary. The results of these discussions should be documented in a short narrative analysis and with backup financial data if necessary.</p> <p>Variances exceeding \$100,000 require further research and an explanation to be added to the notes. Changes occur for a variety of reasons and should be thoroughly vetted in conjunction with the Director's review.</p> <p>Enter the revised monthly cash drawdown estimate and notes on the Cash Flow Projections sheet.</p> <p style="text-align: center;"><b>Quarterly</b></p> <p>For federal awards where a federal Form 105 is used to drawdown funds, use the Federal Draw Down calculation tool (see example) to calculate the draw down and to record the subsidiary information supporting the calculations for review and audit.</p>

RESPONSIBLE POSITION	STEP	ACTION TAKEN
Director, Grant Accounting	5	<p>By the 5<sup>th</sup> working day after the end of each month, review the revised estimates and material deviation analysis produced by the GBA in step #3 above. Clarify any issues with the GBA and then summarize the material deviations.</p> <p>By the 5th working day of each month, provide the updated Categorical Cash Flow Projections sheet and summarized material deviations to the Treasury Office.</p> <p>Be prepared to discuss the content of the Categorical Cash Flow Projections sheet and material deviations at the monthly Cash Flow Committee meeting.</p>
<p><b>Note regarding the Categorical Cash Flow Projections sheet:</b> Adjustments pertaining to prior months that have been closed (locked) on the sheet will be processed in the current month that is still open. These adjustments should be forwarded to the Director for review prior to the GBA entering on the sheet.</p>		
GBA	6	<p style="text-align: center;"><b>Special 1<sup>st</sup> Quarter Update</b></p> <p>In early October after the completion of the Fiscal Year-End Financial Close and the completion of the September 105 Cash Drawdown report(s), perform a comprehensive update of fund cash flow projections based on 1<sup>st</sup> Quarter actual activity using the methodologies described in the procedures above.</p> <p style="text-align: center;"><b>Post ABC Code Correction / Mass JV Update (2nd Quarter) Update</b></p> <p>In early January after ABC Code Correction and Mass JV is executed by OMB, perform another comprehensive update of fund cash flow projections using the methodologies described in the procedures above.</p> <p>Both quarterly updates should be completed by the 5th working day of the month after the first and second quarter end.</p>

The Treasury Office may request additional analysis and backup documentation regarding the categorical estimates provided. The Grant Fiscal Services shall endeavor to provide that analysis to the best of its ability.

Example: Cash Flow Projections sheet.

**SCHEDULE A - Monthly Cash Flow Estimate FY2023**

B	C	D	E	F	G	H	I	J	K	L	M
									As of Lockdown FY23 Budget	Estimated Grand Total	Actual July
		Init.	SD/IU	Prefix	Source	Revenue	Current Budget	Current Expense			
<b>Scheduled Payments-Pa. Dept. of Ed.</b>											
1	Title I(A) - Basic	JW	SD	201	2001	485141	207,785,288.50	5,118,964.97	183,311,882.00	153,390,824.50	13,049,728.92
2	Title I - School Improvement/Accountability	BP	SD	206	2002	485141	27,325,486.00	928,604.71	22,798,994.00	22,903,056.00	
3	Title IV	JW	SD	210	2003	485171	0.00	279.74	0.00	11,578,657.70	935,073.00
4	Title III - Language Instruction for Limited English Proficient	DF	SD	237	2008	485161	4,222,971.00	344,196.94	3,645,756.00	4,234,025.67	305,038.67
5	Homeless Children & Youth	DF	SD	241	2010	486101	669,852.00	45,044.97	584,817.00	614,151.50	
6	Perkins Secondary Local Plan	ZP	SD	270	2013	485211	6,935,524.00	523,402.98	5,387,176.00	5,344,266.00	
7	Title I(D) - Neglected & Delinquent	RP	SD	307	2023	485141	790,548.00	64,525.60	421,330.00	424,381.17	52,988.17
8	Title II(A) - Improving Teacher Quality	DF	SD	334	2025	483901	18,373,779.00	1,989,486.09	16,108,370.00	15,542,404.67	
9	SIG - Cohort 5	CH	SD	38L	2039	485141	31,585.00	2,665.65	398,298.00	398,298.00	
10	Elementary & Secondary School Emergency Relief (CARES Act)	RH	SD	3J2	2098	487491	12,191,792.00	77,444.80	12,191,792.00	12,191,792.00	
11	GEER ATSI SD	RH	SD	38N	2107	487421	0.00	622.77	245,697.00	302,020.44	75,505.11
12	CEEG Geer	DS	SD	38T	2109	487421	234,900.00	0.00	234,900.00	0.00	
13	GEER CTE	ZP	SD	38U	2110	487421	289,101.00	0.00	989,252.00	900,000.00	
14	PASH CARES	RP	SD	38V	2111	483901	298,970.00	12,021.54	297,980.00	180,000.00	
15	ESSER II	RH	SD	3J5	2112	487411	88,297,949.00	629,796.21	83,855,221.00	71,078,373.80	12,776,674.76
16	ARPA ESSER3 2113	MJ	SD	3J4	2113	487411	374,475,707.00	17,315,949.83	352,545,603.00	344,683,670.22	20,275,510.11
17	CARES PCCD Health and Safety	SJ	SD		2114	487491	386,571.00	0.00	386,571.00	0.00	
18	Philadelphia Youth Sports Collaborative	ZP	SD	3J6	2116	486903	52,538.00	0.00	23,896.00	37,721.00	13,825.00
19	GEER II-Source	ZP	SD		2120	487451	1,139,929.00	0.00	303,981.00	303,981.00	
	ARPA ESSER 2.5% Set Aside		SD		2123		1,143,103.00	5,288.04		282,588.76	
20	ARPA ESSER 7% Set Aside	BP	SD	38Z	2124		86,672,451.00	0.00		1,575,862.75	1,575,862.75
21	ARP ESSER Homeless Children & Youth II	DF	SD	3JB	2129	487541	1,635,583.00	181,229.50		1,149,312.33	95,776.33
22	IDEA(B) - Individuals with Disabilities Education Act	JW	IU	242	2703	485121	54,472,907.00	1,460,510.45	50,922,105.00	28,142,979.69	3,513,850.67
23	GEER II Emergency Assistance To Non-Public School	JC	IU	3J7	2712	487421	30,879,715.00	2,033,470.06	31,879,715.00	9,940,980.72	828,415.06
24	ARPA ESSER 25% Set Aside	JC	IU		2713	487441				132,132.65	132,132.65
25	Head Start Supplemental Assistance Program	PF	SD	4A0	3010	472991	26,445,730.00	152,926.73	25,909,301.00	24,257,195.00	
26	Pennsylvania Pre- Kindergarten Counts	PF	SD	4E1	3016	472921	34,548,502.00	405,221.26	35,665,183.00	38,652,242.49	
27	ACCESS - Claims	CH	SD	401	3701	488101	18,562,371.00	1,181,836.31	20,456,586.00	20,791,497.52	

Example: Form 105 Calculation tool.

Quarterly Cash Reconciliation Template 2022-9-6 - Excel

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**Federal Drawdown - Form 105 Calculations**

This tool provides the calculation logic and key inputs necessary to calculate the quarterly drawdown of federal funds  
 The tool should be completed every quarter for federal funds that utilize the Form 105 for quarterly drawdown.  
 This tool uses entered data below as an example  
 The dollar cells in Green are the entry cells to perform the calculation of drawdown  
 The text cells in green are those that also need to be updated. Cells #1 and #2 are completed once and remain the same throughout the year  
 The sheet should contain all of the tabs related to a specific award to support the calculations  
 The rows in Yellow are the derived amounts that are actually inputted on the 105  
**SEE THE INDIRECT & AUDIT CALC TAB FOR THE TOOL TO BE USED FOR THIS PURPOSE**

Fund balances:		Description
A21 (Reporting Category for FY21 Title I award)	13,705,988.75	All balances from prior awards from previous year's closing sheet. Stay the same for the FY
Encumbrances	5,236,486.53	Open encumbrances from previous year's closing sheet. Stay the same for the FY
	18,942,475.28	
<b>Title I Expense:</b>		
7/1/21 - 6/30/22:	182,402,119.88	Total expense from Trial Balance through correct accounting period for the quarter.
Reserve pay:	0.00	Amount from Reserve Pay Report (compiled and distributed to staff).
PSERS Reimbursement:	(19,248,113.84)	Current PSERS Revenue owed to fund (Account 523001 expense multiplied by current PSERS Reimbursement rate). Revenue shown as negative.
	163,154,006.04	
Adjusted Expense:	163,154,006.04	
Old award balances:	18,942,475.28	
<b>Total cash disbursed 105 amount:</b>	<b>144,211,530.76</b>	<b>Disbursed amount entered in 105.</b>
Projected Payroll:	12,743,416.49	Take last available payroll and multiple by number or payrolls that will happen in the following month (adjust for PSERS Currently found in Advantage EX1 Report.
Additional Indirect to book (5.52%):	3,103,598.25	From Indirect and Audit Calc Tab.
Additional Audit to book (.08%):	43,852.09	From Indirect and Audit Calc Tab.
<b>Total July Expense:</b>	<b>15,890,866.83</b>	<b>Next months projected expense entered in 105.</b>

105 Calc FY22 Expense Payroll Projected payroll PSERS Indirect & Audit calc Sub award Equip Closing ...

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**Policy**

- *GP1900: Drawdowns and Reimbursement Requests*

**Forms**

- Cash Flow Projections sheet
- Form 105 Calculation tool

**Definitions**

**Contacts**

- *Grant Fiscal Services*
- *Grant Accounting (Comptroller)*
- *Special Finance Office (Treasury)*

**Frequently Asked Questions**

**Related Information**

**History**

**Amended:**

- April 28, 2015 for position reassignment and technical adjustments.
- Sep 1, 2022 updated for new ERP system and to strengthen the projection process.

Issue Date: 7/1/2012	Effective Date: 9/1/2022	Approved by: Deputy Chief, Grant Compliance and Fiscal Services
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