

Date: 10/09/2009  
Sequence: 2010-11  
Topic: **Quarter Close Update**

The purpose of this Update is to provide agencies with the methodology used in reconciling/closing quarters and to explain related report changes/additions.

**QUARTER RECONCILIATION METHODOLOGY**

Availability of a grant's funding ends at the end of its liquidation period. Every quarter, grants reaching the end of its liquidation date are identified as closed and fully reconciled. Remaining grants are identified as open and affiliated over/under advancements will be adjusted to offset closed grants on a prorated value resulting in a zero dollar voucher. The method works as follows:

- Over-advances and under-advances are netted to calculate a net over/under amount
- Closed grants and open grants are reconciled to offset over and under-advancements to the extent possible
- A draw reconciliation file is created and made available to county agencies to update QuIC+ with the closeout adjustments completed to reconcile closed and open grants
- Net zero vouchers are produced when applicable
  - Payouts are not issued to net under-advanced agencies other than for closed grants which have a remaining balance after the netting and reconciliation process
  - Funds are not recovered from net over-advanced agencies other than for grants which are closed and have a remaining balance after the netting and reconciliation process

**Net Zero Voucher** – A voucher containing lines with amounts that when added, net to a zero value

**Grants Closed and Over-Advanced**

When the total value of closing grants is a net over-drawn amount, open grants which are net under-drawn will be used to offset the net over-drawn amount (prorated to reduce the value of the over-drawn amount to zero)

The net over-advanced amount will be distributed over open grants which are net under-advanced

**Example 1:**

	Original Balance				Adjustment Balance			Reconciled Balance	
<b>Grant A*</b>	(\$100)	+			\$100	=		\$0	<i>(The liquidation period for "Grant A" is at the end of the reconciled quarter)</i>
<i>Grants used to offset Grant A:</i>									
Grant B	\$100	x	50%	=	(\$50)	=		\$50	<i>(Grants B, C, D, and E remain open following the end of the reconciled quarter)</i>
Grant C	\$40	x	50%	=	(\$20)	=		\$20	
Grant D	\$30	x	50%	=	(\$15)	=		\$15	
Grant E	\$30	x	50%	=	(\$15)	=		\$15	
<b>Total</b>	\$200	+			(\$100)	=		\$100	

In this example, the agency is under-advanced by \$200 for open grants; however, the closing grant (Grant A) is over-advanced and needs to balance as close to \$0 as possible. This is achieved by using

net balances from open grants to offset net balances from closed grants. The \$100 balance on Grant A requiring adjustment is 50% of the \$200 (\$100 divided by \$200) net under-advanced open grants. The draws issued on open grants have been increased on a pro-rata basis by 50% each. The end result is showing Grant A balanced to \$0 and the open grants balance in total reduced to \$100 under-advancement for the quarter.

### Grants Closed and Under-Advanced

When the total value of closing grants is a net under-drawn amount, open grants which are net overdrawn will be used to offset the net under-drawn amount (prorated to reduce the value of the under-drawn amount to zero)

The net under-advanced amount will be distributed over open grants which are net over-advanced

### Example 2:

	Original Balance		Adjustment Balance	=	Reconciled Balance	
<b>Grant A*</b>	<b>\$300</b>	+	<b>(\$300)</b>	=	<b>\$0</b>	<i>(The liquidation period for "Grant A" is at the end of the reconciled quarter)</i>
<i>Grants used to offset Grant A:</i>						
Grant B	(\$360)	x 33.33%	= \$120	=	(\$240)	<i>(Grants B, C, D, and E remain open following the end of the reconciled quarter)</i>
Grant C	(\$240)	x 33.33%	= \$80	=	(\$160)	
Grant D	(\$180)	x 33.33%	= \$60	=	(\$120)	
Grant E	(\$120)	x 33.33%	= \$40	=	(\$80)	
Total	(\$900)	+	\$300	=	(\$600)	

In this example, the agency is over-advanced by \$200 for open grants; however, the closing grant (Grant A) is under-advanced and needs to balance as close to \$0 as possible. This is achieved by using net balances from open grants to offset net balances from closed grants. The \$300 balance on Grant A requiring adjustment is 33.33% of the \$900 (\$300 divided by \$900) net over-advanced open grants. The draws issued on open grants have been decreased on a pro-rata basis by 33.33% each. The end result is showing Grant A balanced to \$0 and the open grants balance in total reduced to \$600 over-advancement for the quarter.

### State Funded Grants

All state funded grants (i.e., APS, IM, SCPA, Child Support State Match, etc.) allocated for SFY 2009 were closed as of June 30, 2009.

### Federal Funded Grants

Federal grants closing September 30, 2009 will have a liquidation period through December 31, 2009. Services must be rendered (expenditures incurred) by September 30, 2009 for FFY 2009 grants. Disbursements made in the October – December 2009 quarter for services rendered through September 30, 2009 can be appropriately charged to the FFY 2009 grant. All FFY 2009 funds must be liquidated by December 31, 2009.

County agencies can both draw down and disburse FFY 2009 funds during the liquidation period. An updated version of QuIC+ and ACRS+ with the capability to report liquidations without the use of retro coding will be available to the counties in mid to late December 2009. At that time, FFY 2009 grants for the October – December 2009 liquidation period will be available to counties.

As part of the grants management philosophy, federal funding allocated is available through the life of the grant. Therefore, funding and expenditures reported for the July – September 2009 quarter will also

include the funding and expenditures for the October 2008 – June 2009 period. The combined activity includes the impact of related adjustments resulting from the previous quarterly reconciliation.

Applicable FFY 2008 grants that closed December 31, 2008 were assigned liquidation date of 6/30/2009, showing that the grants are closed as of the end of SFY 2009. For some agencies, FFY 2008 grants may show a balance on the Over/Under Report. These balances are a result of cash adjustments completed during the July – September 2009 quarter and will be liquidated during the July – September 2009 quarter reconciliation closeout.

**\*NOTE: Additional guidance is forth coming on the above Federal grant information.**

### **REPORT CHANGES AND ADDITIONS**

Agencies will receive the following documents after the reconciliation of the quarter:

- Cash Analysis
- Cash on Hand
- Over/Under Report
- Budget-to-Actual Report
- CFIS Closeout Planning Report
- Closeout Voucher Activity Report

The Over/Under Report has been modified to include a column titled “Liquidation Date”. This replaces the column formerly titled “Grant End Date”. The liquidation date advises agencies of the deadline for liquidating all expenditures incurred during the service period of a particular grant.

The CFIS Closeout Planning Report is a new report created for county agencies to use for planning purposes and is a snapshot of the method applied to close the quarter at a given point in time. This report is a visual display of the grant balance netting process referred to in the quarter close methodology. The report includes the following: grant liquidation dates, closed and open funding sources, over/under amounts, closed amounts, reconciled over-drawn and under-drawn amounts for closed and open funding sources, payment amounts, and payout percentages. The first issuance of this report will be for the July - September 2009 quarter.

Descriptions for the columns listed on the report are as follows:

**Budget Reference** – Identifies the code and code description for specific budgets

**Grant/Project ID** – Lists the code assigned to each grant

**Fund Code** – Identifies how the grant is funded (federal, state or local)

**Liquidation Date** – Identifies the grant deadline for liquidating expenditures incurred during the service period

**Closed Funding Source\*** – Identifies whether a grant is closed or open (Y=Closed, N=Open)

**Invoice Description** – Lists the state fiscal year, quarter, agency type and specific agency

**Over/Under** – Lists the over/under amount as reflected on the Over/Under report at the end of a given period (prior to the netting and reconciliation process)

**Over/Under Open Balance** – Identifies over/under amount adjusted based on available budget balance (after the netting and reconciliation process)

**Closed Amount\*** – Reflects the over/under amount for closed grants

**Open Over Drawn Amount** – Identifies over-drawn open grants prior to reconciliation

**Open Under Drawn Amount** – Identifies under-drawn open grants prior to reconciliation

**Payment Amount** – Calculates result of the netting process (net over-advances and under-advances) for closed grants

**Payout %** - Closed and reconciled grants: The payout percentage is 100% of the Over/Under Balance. For open grants which have balances sufficient to offset closed grants, the payout percentage will reflect the percentage necessary to bring the closed grant amount to zero.

\*Grants are closed for service and accounting/financial reporting purposes.

The Closeout Voucher Activity Report provides county agencies with net results of the quarter reconciliation. Along with the Budget Reference, Grant/Project ID, and Fund Code the Voucher Line Description will be displayed which identifies the methodology used to determine the amount paid/collected on each particular line.

County agencies will receive the CFIS Closeout Planning Report prior to the July – September 2009 quarter closeout. Due to the continued availability of FFY 2009 grants, the amounts reflected on this report are subject to change. Consequently, the Closeout Voucher Activity Report was created to reflect the actual closeout voucher. The first issuance of this report will be for the April – June 2009 quarter.

Please contact your ODJFS Fiscal Supervisor if you have questions.

Thank you.