

3.04 FUND BALANCES/DEFICITS

Fund Balances

State and Federal funds are appropriated on a SFY basis for the period July 1st through June 30th. State funds not expended by June 30th lapse to the Commonwealth's General Fund. Balances remaining from SDFSCA funds are relinquished by BDAP to the PCCD, the funding source. Unspent SAPTBG funds may be returned to the grant to be reallocated until fully utilized through the expenditure period of the grant. The rules governing funds issued under other various short-term state and federal initiatives may vary based on the funding source. SCAs returning an amount in excess of 5 percent of state and federal funds may be subject to penalties in subsequent fiscal years. Spending state funds in full prior to the full expenditure of federal SAPTBG funds will reduce the likelihood of a lapse of state funds. Unlike federal SAPTG funds, state funds may not be reissued.

SCAs not able to use all of their state and federal funds in a fiscal year have the option of requesting a reduction in their allocation for that fiscal year only, without any penalty in subsequent fiscal years. To exercise this option, the SCA must contact BDAP.

Unspent funds are defined as refunds from the SCA, plus monies not drawn down by the SCA. Unspent funds do not include monies for which an SCA has previously requested a reduction in allocation (as discussed in the second paragraph above). If an SCA returns an amount in excess of 5 percent, BDAP, at its discretion, may reduce the SCA's subsequent fiscal year's state allocation by the amount of funds unspent.

SCAs must return any funds not expended or encumbered by June 30 (for deliverables to be received and paid within 60 days). SCAs should limit the amount of funds requested throughout the year on advance invoices to amounts anticipated for actual expenditures and thereby limit the amounts being refunded. All unexpended funds must be returned to the Department by August 31, along with the submission of the fourth quarter fiscal report. The refund check is made payable to DOH. Unless approved by the Department, no payments under the Agreement between BDAP and the SCA shall be made until this requirement is satisfied. This return of funds applies to all sources of BDAP funds (state monies, block grant funds, and other federal funds administered by BDAP) unless stated otherwise in the agreement between the SCA and BDAP. If monies are due to the SCA, an invoice must accompany the fourth quarter fiscal report.

In some instances (e.g., federal funds for a multi-year, limited term project), provisions are included in the agreement that will allow for the carryover of categorical funds designated for a particular project. In addition, the SCA may receive late refunds from subcontractors after the August 31 deadline for submission of refunds to the Department. Such refunds may be due to audit findings or circumstances found during monitoring of their subcontracts. In such instances, it will not be necessary for the SCA to adjust/resubmit their fourth quarter fiscal report unless the amount of the refund exceeds one percent of the total BDAP funds allocated for the applicable SFY or \$5,000, whichever is less. The SCA must report the refunds received under the appropriate source of funds as a prior year adjustment on the second quarter report, Form 321,

for the current SFY. The SCA must also provide documentation identifying such prior year adjustments. If the amount of the refund exceeds the parameters outlined above, it will be necessary to submit a revised Fourth Quarter Report and a refund check made payable to the "Department of Health." Carryover of all other BDAP allocations from one fiscal year to the next fiscal year is not permitted.

Deficits

BDAP is not liable for an incurred deficit and shall not allow such a deficit to be carried over as a charge to the following SFY period. Any special funding allocated to the SCA through the grant agreement for a specific limited term project shall not be used to cover deficits.