Accrued Liability Process

TNECD FISCAL YEAR-END FY22
Each June TNECD prepares for the fiscal year-end closing process. Part of this process requires the collection of accrued liabilities from Grantees for each open grant contract. We must ask for this information to ensure expenses are recorded in the proper fiscal year in our accounting system.

Accrued Liability - An expense that was incurred by the grantee in one fiscal year, but not requested for reimbursement until another fiscal year. These are only recorded at the end of each fiscal year. The possibility of having an accrued liability must be considered for each open contract.
Identifying State Fiscal Years

FY22  
July 1, 2021  
Through  
June 30, 2022

FY23  
July 1, 2022  
Through  
June 30, 2023
Identifying Incurred Costs

If you answered “Yes” to either question, then you have accrued liabilities that need to be reported or requested for reimbursement.

Have any services been performed for the grant project (6/30/22 and prior) that you will need to request reimbursement for?

OR

Have any items been purchased or ordered for the grant project (6/30/22 and prior) that you will need to request reimbursement for? For items ordered, will you receive an invoice from the vendor with an invoice date of 6/30/22 and prior?
Identifying Next Steps

There are two options for reporting accrued liabilities. Please choose the **ONE** option that works best for the documentation you have at fiscal year-end.

1. Submit a reimbursement request for all incurred costs through June 30\(^{th}\), 2022

   **Choose this option if:**
   - You have received vendor invoices for **all** incurred costs through June 30th
   - You can submit a completed reimbursement request to TNECD by July 5th

2. Submit an accrued liability amount for all incurred costs through June 30\(^{th}\), 2022

   **Choose this option if:**
   - You do not have all supporting documentation needed to submit a completed reimbursement request by July 5th
   - Based on program guidelines you cannot submit a reimbursement request (This will apply to HDGP & potentially Broadband)
Calculating Your Accrued Liability

If you have decided to submit an amount and not a reimbursement request, please be sure it only represents the grant amount and not the total cost of the incurred expenses.

<table>
<thead>
<tr>
<th>Total Grant Expenses through June 30, 2022</th>
<th>% Grantee Participation</th>
<th>% Grant Funds</th>
<th>Accrued Liability Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$5,000.00</td>
<td>25.00%</td>
<td>75.00%</td>
<td>$3,750.00</td>
</tr>
</tbody>
</table>

This should be the total amount of grant expenses incurred through June 30th, 2022, but not yet requested for reimbursement from TNECD.

These percentages are found on your most recent invoice template. The percentages combined should equal 100%.

This is the amount that needs to be reported to TNECD
(Total Expenses x Percentage of Grant Funds = AL Amount)
($5,000 x .75 = $3,750)
Incurred costs don’t have to be paid for by June 30th, just completed (services) or invoiced (items purchased)

If TNECD has already reimbursed a grant expense, it does not need to be reported during the accrued liability process

Do NOT submit an invoice and an accrued liability amount. Please choose the option that works best for the documentation you have at fiscal year-end

We will not accept reimbursement requests that cross fiscal years. If you are submitting a request after July 1st, please be sure to split expenses that occur in different fiscal years into separate requests.
FY22 Deadlines

July 5th – Reimbursement Requests Due

July 8th - Accrued Liability Amounts Due