



OAG-update

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Office of the Auditor General
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Accounting Guidance for LEAs – Covid-19 Federal Assistance

Various federal programs are providing assistance to state and local governments dealing with the effects of the global pandemic. In most instances, federal funding is being made available to the states with amounts allocated to local government or local educational agencies (LEAs). This **OAG-update** highlights accounting and financial reporting guidance to municipalities and LEAs as they close out fiscal 2020 and begin their financial reporting process.

The State's revised fiscal 2020 appropriations ([House 7170Aaa p 39-40](#)) made two streams of federal Covid-19 relief funding available to local educational agencies:

Elementary and Secondary School Emergency Relief Fund (ESSER) – awarded to LEAs following the Title I formula (federal Cares Act requirement – Sec 18003) – [ESSER awards to LEAs](#).

- ✓ Allowable expenditures are defined – [CARES Act – Sec 18003\(d\) on p 285-287](#)
- ✓ Period of availability – expenditures beginning March 13, 2020 through September 30, 2022
- ✓ RIDE application and reimbursement process – [ESSER Application Process and Allowable Costs](#)
- ✓ Intended to replace reduction in state aid to education for FY 2020 in the same amount

Accounting and Financial reporting guidance:

- LEAs should record a receivable and federal revenue at June 30, 2020 for the amount awarded to the LEA by the formula and for which application and subsequent approval has been made by RIDE. The amount shall be inclusive of funds to provide equitable services to non-public schools.
- If the ESSER funds will be used instead for fiscal 2021 allowable costs, then no accrual would be made at June 30, 2020.
- The ESSER funds are subject to the Single Audit. Include amounts accrued for fiscal 2020 in the Schedule of Expenditures of Federal Awards CFDA# - 84.425D.
- A new Special Revenue Fund has been established in UCOA to record this new funding stream.
- LEAs typically record federal program activity in special revenue funds. Since ESSER funds replaced fiscal 2020 state education aid, LEAs are recommended to include these amounts in the school unrestricted fund for financial reporting purposes (except for UCOA reporting) to consistently report the school general operations from one fiscal year to the next.

Coronavirus Relief Fund (CRF) – awarded following the Title I formula (RI House Bill 7170Aaa requirement) - [CRF awards to LEAs](#).

- ✓ Allowable expenditures are defined – [CARES Act – Sec 5001 on p 221-224](#)
- ✓ Period of availability – expenditures beginning March 1, 2020 through December 30, 2020
- ✓ Generally intended to provide funding for costs associated with reopening schools in August/September 2020. However, can also be used for eligible costs incurred in fiscal 2020.

Accounting and Financial reporting guidance:

- If the CRF funds will be used for fiscal 2021 allowable costs, then no accrual would be made at June 30, 2020. LEAs should record a receivable at June 30, 2020 for any amounts requested and approved to reimburse eligible costs incurred prior to June 30, 2020 but after March 1, 2020.
- Include amounts accrued for fiscal 2020 in the Schedule of Expenditures of Federal Awards CFDA# - 21.019 CFDA.
- A new Special Revenue Fund has been established in UCOA to record this new funding stream.

Questions regarding the allowability of specific expenditures under these programs should be directed to the Rhode Island Department of Education. Accounting and financial reporting questions may be directed to the Office of the Auditor General. Links to other sources of information on the federal funds:

[AICPA - Summary of New COVID19 Related Fed Programs](#)

[USDE OESE - Education Stabilization Fund](#)

[USDE OESE - ESSER Funds](#)

[USDE OESE - ESSER FAQ](#)

OAG-update provides periodic information of interest to state entities, municipalities, school districts, charter schools and fire districts. Contact the **Office of the Auditor General** at 401.222.2435 or dennis.hoyle@rioag.gov for additional information.