

How will charter schools record and report Enrollment Stability Grant (ESG) expenses between FY 2020 and FY 2021?

If estimated ESG awards can be used for allowable COVID-19 costs entirely in FY 2021, charter schools should use ESG monies in FY 2021 to avoid needing to adjust their FY 2020 spending after the ESG award amount is finalized in November 2020. However, ESG and Elementary and Secondary School Emergency Relief (ESSER) grants allow spending back to March 1 or March 13, 2020, respectively. Therefore, if it is necessary to move allowable COVID-19 costs from FY 2020, even if previously submitted for the ESSER grant, to the ESG Project to use the ESG award before it expires in December 2020, charter schools can loan monies from the ESSER Project or from other operating resources to the ESG Project, as needed, and record the allowable costs in the ESG Project in FY 2020. To provide the monies for these FY 2020 ESG Project expenses from available resources, charter schools may report internal- borrowing liabilities and receivables (due to and due from other projects) as needed in their financial statements.

Final determinations of which monies are used for FY 2020 and FY 2021 ESG allowable costs should be made along with any necessary journal entries to correct both years' accounting records after the ESG award is known. To the extent possible, charter schools should provide FY 2020 final accounting data to auditors after these adjustments and before audits are completed and financial statements are issued. However, if final amounts are not known in time to be reflected in FY 2020 audits, charter schools should work with their auditors to report appropriate adjustments in their FY 2021 financial statements.

The FY 2020 financial statements will show ESG Project expenses if needed to use the resources before they expire, but ESG Project revenue will not be recognized in those statements. ESG Project revenues will be reported to coincide with the award in the FY 2021 financial statements. Charter schools should include appropriate subsequent event disclosures in the FY 2020 notes to financial statements related to this and any other grants awarded after June 30, 2020, that will be used to reimburse FY 2020 expenses. Finally, charter schools subject to single audits should include ESG awards in the FY 2021 schedule of expenses of federal awards, whether or not ESG spending is reported in the FY 2020 financial statements.