

How will districts record and report Enrollment Stability Grant (ESG) expenditures between FY 2020 and FY 2021?

If estimated ESG awards can be used for allowable COVID-19 costs entirely in FY 2021, districts 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 Fund 328—ESG to use the ESG award before it expires in December 2020, districts can loan monies from the Maintenance and Operations, Unrestricted Capital Outlay, or ESSER funds to the ESG Fund, as needed, and record the allowable costs in the ESG Fund in FY 2020. To provide the monies for these FY 2020 ESG Fund expenditures from available resources, districts will report inter-fund borrowing liabilities and receivables (due to and due from other funds) 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, districts should provide FY 2020 final accounting data to auditors after these adjustments and before audits are completed and financial statements are issued. Districts also need to resubmit accounting data files to our Office after making any final journal entries.

The FY 2020 financial statements will show ESG Fund expenditures if needed to use the resources before they expire, but ESG Fund revenue will not be recognized in those statements. ESG Fund revenues will be reported to coincide with the award in the FY 2021 financial statements. Districts 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 expenditures. Finally, districts subject to single audits should include ESG awards in the FY 2021 schedule of expenditures of federal awards, whether or not ESG spending is reported in the FY 2020 financial statements.