



Understanding and Completing your SEFA

PRESENTED BY
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Principal

SWMSBO – March 2022



Introductions

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Objectives

- Discuss when a SEFA is required
- Discuss proper recording of revenues and expenditures
- Demonstrate how to create a SEFA
- Discuss where to find pertinent information
- Discuss what auditors will look at
- Understand the importance of the SEFA being correct



10,000 Foot View

- Should be created by the District (more or less)
- Includes all amounts that are “Federal expenditures”
- Auditors issue an in relation to opinion
 - The SEFA is materially correct in relation to the basic financial statements
 - The SEFA is derived from information audited in the basic financial statements
- SEFA needs to be completed (as much as possible) before auditors can start the Single Audit procedures

10,000 Foot View

- SEFA is very important, since it's used to determine the major programs
 - Auditors must audit major programs
 - Auditors must issue opinion on compliance with major programs
- Auditors will reach out for your estimated federal expenditures, by AL #, likely around May
 - Doesn't need to be exact – you will estimate expenditures to be made in June
- Any major program work that can be done at preliminary work will make the main audit go much smoother

Who needs to prepare the SEFA

- Is there \$750,000 or more of Federal expenditures?
 - Yes – Needs an audit – and a SEFA
 - No – Doesn't need a Single Audit
- Become familiar with revenue sources and who authorized the award
- Look at all funds to see which revenues have a 4xx Major class code
- Make sure all your federal funds are within the 4xx Major class code
- When determining the revenue amounts, make sure all accruals are up to date, or consider estimates of amounts you think you will have spent as of June 30 when preparing for preliminary purposes



Using the Right Codes

- How do I know the proper codes to use in the account number?
- Use the MDE State Chart of Accounts and refer to the Appendix Definitions of Account Codes
 - https://www.michigan.gov/documents/appendix_33974_7.pdf

REVENUES

Fund	Transaction	Major Class	Suffix		Grant	Other
XX	X	XXX	XXXX	XXX	XXXX	XXXXX-XXXX

Using the Right Major Class Codes



Appendix – Definitions of Account Codes – Revenue Major Class Codes

Major Class Code	Allowable Funds	Account Name/Description
400		Revenues from Federal Sources (Monetary and In-Kind)
410		Grant-In-Aid - Revenues received directly or through state from the Federal government.
411	11, 2x, 3x, 4x	Unrestricted Received Directly from the Federal Government - Revenues received directly from the federal government as grants to the school system and which can be used for any legal purpose desired by the school system without restriction.
412	11, 2x, 3x, 4x	Unrestricted Received from Federal Government Through the State - Revenues received from the federal government through the state as grants and which can be used for any legal purpose desired by the school system without restrictions.
413	11, 2x, 3x, 4x	Restricted Received Directly from the Federal Government - Revenues received directly from the federal government as grants to the school system and which must be used for a categorical or specific purpose. If such money is not completely used by the school system, it usually is returned to the governmental unit.
414	11, 2x, 3x, 4x	Restricted Received from Federal Government Through the State - Revenues received from the federal government through the state as grants to school system and which must be used for a categorical or specific purpose. If such money is not completely used by the school system it usually is returned to the state.
415	11, 2x, 3x, 4x	Restricted-Received from Federal Government through another governmental agency as grants that must be used for a categorical or specific purpose. (This does not include another public school, see 417 below.) If the funds are not completely used for the specified purpose, they must be returned to the governmental agency.
416	11, 2x, 3x, 4x	Unrestricted-Received from Federal Government through another governmental agency as grants that may be used for any legal purpose desired by the school without restriction. (This does not include another public school, see 418 below.)
417	11, 2x, 3x, 4x	Restricted-Received from Federal Government through another public school (Intermediate, Local, or Public School Academy) - Revenues received from the Federal Government through another public school that must be used for a categorical or specific purpose. If funds are not completely used for the grant purpose, they must be returned to the other public school.
418	11, 2x, 3x, 4x	Unrestricted-Received from Federal Government through another public school (Intermediate, Local or Public School Academy) - Revenues received from the Federal Government through another public school as grants which can be used for any legal purpose desired by the school without restriction.
419	11, 2x, 3x, 4x	Other Revenue - Federal Sources

Using the Right Major Class Codes

Appendix – Definitions of Account Codes – Revenue Major Class Codes

Major Class Code	Allowable Funds	Account Name/Description
420		Federal Payment in Lieu of Taxes
421	11, 2x, 3x, 4x	Federal Payments in Lieu of Taxes - Payments made out of general revenues by the federal government to the school system in lieu of taxes it would have had to pay had its property or other tax base been subject to taxation by the local school system on the same basis as privately-owned property or other tax base. It would include payment made for privately owned property that is not subject to taxation on the same basis as other privately-owned property due to action by the federal government unit.
480		USDA Donated Commodities
481	25	United States Department of Agriculture (USDA) entitlement commodities that are awarded according to a formula and accepted by the school food authority (SFA) for the fiscal year of the school district. Modifications to the grant entitlement are recognized whenever the SFA accepts entitlement commodities offered (via distributing agency request form). Entitlement commodities are determined by the USDA and are reported in the <i>Food Scoop</i> publication of the Michigan Department of Education.
482	25	USDA <u>bonus</u> commodities received by the SFA. Bonus commodities are determined by the USDA and the value is reported in the <i>Food Scoop</i> publication of the Michigan Department of Education.



Using the Right Grant Codes

REVENUES

Fund	Transaction	Major Class	Suffix		Grant	Other
XX	X	XXX	XXXX	XXX	XXXX	XXXXXX-XXXX

EXPENDITURES

Fund	Transaction	Function	Object	Program	Grant	Facility /School	Other
XX	X	XXX	XXXX	XXX	XXXX	XXXXXX	XXXX

Appendix – Definitions of Account Codes –Grant Codes

Identifies the various categorical programs that are under special reporting requirements. Fourth position of code has traditionally been reserved to denote fiscal year.

Using the Right Grant Codes

Appendix – Definitions of Account Codes –Grant Codes

Grant Code	Authority	Account Name/Description
795	11.429	NOS Office of National Marine Sanctuaries
796	84.425D	Education Stabilization Fund - Elementary and Secondary School Emergency Relief (ESSER I), see Grant Code 485 for ESSER II
797	21.019	Coronavirus Relief Fund – Child Care Relief Fund Grant
798	21.019	Coronavirus Relief Fund – District COVID-19 Costs (~\$12 per-pupil)
799	21.019	Coronavirus Relief Fund – Coronavirus Relief Funds (\$350 per-pupil)
800	84.425D	Education Equity – Elementary and Secondary School Emergency Relief (ESSER)
801	84.027a	IDEA Special Education – Formula Grants to ISDs
802	93.870	DHHS Maternal, Infant and Early Childhood Home Visiting Grant
805	84.173a	IDEA Preschool Formula Grants
806	84.173a	IDEA Preschool Mandated Activities Grants
807	84.027a	IDEA Part B EOSD
808	84.326	Scaling Up of Evidence Based Practice (SISEP)
809	84.184g	School Climate Transformation Grant
810	84.027a	IDEA Part B Grant Funded Initiatives
811	84.027a	IDEA Part B – General Supervision
812	84.027a	IDEA Part B Transition Services
813	84.324	IDEA-Model Demonstration for Children with Disabilities; Research and Innovation to Improve Services to Children
815	84.181	Infants and Toddlers with Disabilities

When I ask myself where all my money went



Example SEFA – Audit Manual

Program Title/Project Number/Subrecipient Name	Grant/Project Number	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditure	Accrued Revenue at July 1, 2014	Adjustments and Transfers	Federal Funds/ Payments In-kind	Expenditures	Accrued Revenue at June 30, 2015	Current Year Cash Transferred to Subrecipient
Clusters:										
Child Nutrition Cluster - U.S. Department of Agriculture -										
Passed through the Michigan Department of Education:										
Noncash Assistance (Commodities) -										
National Lunch Program Bonus Commodities 2014-15	N/A	10.555	\$ 84,111	\$ -	\$ -	\$ -	\$ 84,111	\$ 84,111	\$ -	\$ -
Cash Assistance:										
National School Lunch Program 2013-14	141960	10.555	676,858	676,858	45,213	-	45,213	-	-	-
National School Lunch Program 2014-15	151960	10.555	674,932	-	-	-	674,932	674,932	-	-
National School Lunch Program (including commodities) Subtotal		10.555	1,435,901	676,858	45,213	-	804,258	759,043	-	-
National School Breakfast Program 2013-14	141970	10.553	254,807	254,807	19,410	-	19,410	-	-	-
National School Breakfast Program 2014-15	151970	10.553	282,072	-	-	-	282,072	282,072	-	-
National School Breakfast Program Subtotal		10.553	536,879	254,807	19,410	-	301,482	282,072	-	-
Summer Food Service Program 2014 - 2015	141900/140900	10.559	34,235	1,287	1,287	-	26,886	32,948	7,349	-
Total Child Nutrition Cluster			2,007,015	932,952	65,910	-	1,132,624	1,074,063	7,349	-
Special Education Cluster - U.S. Department of Education -										
Passed through the Macomb ISD:										
IDEA Flowthrough:										
IDEA Flowthrough 1314	140450	84.027	840,658	782,225	199,252	-	240,685	58,433	17,000	-
IDEA Flowthrough 1415	150450	84.027	888,962	-	-	-	597,234	813,711	216,477	62,852
Total IDEA Flowthrough		84.027	1,729,620	782,225	199,252	-	837,919	872,144	233,477	62,852

Expenditure Guidelines

- State Guidelines
 - Michigan School Auditing Manual [Link to PY](#)
 - Competitive bid threshold \$26,046 for 2021-2022 [Link](#)
- Federal Guidelines
 - Subpart D of 2 CFR 200 – particularly procurement standards [Link](#)
 - Subpart E of 2 CFR 200 – Cost Principles [Link](#)
 - 2021 Compliance Supplement [Link](#)
- Grant Specific Budgets
- It's helpful to use separate grant codes for grants that cross fiscal years
 - For example, Title I use 6010 (even years) or 6011 (odd years)
- Follow GAAP to determine what period to record the expenditures in
 - If incurred before 6/30, expense as of 6/30. If not incurred before 6/30, expense next year



What Goes in a SEFA?

- Determine SEFA meets minimum requirements of Uniform Guidance and any other grantor requirements
 - Subtotals for each Assistance Listing # (AL)
 - Subtotals for each cluster, even if only one AL in cluster
 - Federal grantor
 - Pass-through grantor, if applicable
 - Program or Cluster Title – Make sure it matches CY (these can change)
 - Assistance Listing # (AL)
 - Pass-Through entity number, if applicable
 - Federal expenditures
 - Amounts provided to subrecipients

What Goes in a SEFA?

- Total federal awards expended for each federal program and the Assistance Listing #
 - Generally, list each grant separately
 - Subtotal each AL # number if there are multiple grants in a single AL #
 - Subtotal each Cluster if there are multiple grants in the cluster
- If no AL #, put another identifying number
 - Occasionally, no AL # is available
 - Unlikely for school district grants
 - Put grant number to identify

What Goes in a SEFA?

- Individual programs by Federal agency
 - Generally, a program is an AL #
 - Uniform Guidance has been updated and we will see a phase in of “CFDA” references being changed to “Assistance Listings”
 - Must list who the Federal agency is
 - First 2 digits of AL # indicate Federal agency
 - Generally, put in AL # order
 - If there is a cluster, all AL #s in the cluster must be put in same section
 - Then continue with other AL #s for that Federal agency not a part of cluster

What Goes in a SEFA?

- Identifies total amount provided from each federal agency
- Identifies total amount provided to subrecipients from each federal program
 - Did District provide amounts to subgrantees?
 - If so, it must be listed
 - Show on separate column in SEFA

What Goes in a SEFA?

- For awards in which the entity is a subrecipient, the pass-through entity's name and the identifying number assigned
 - Grantor needs to be able to quickly determine which grants are “theirs”
 - However, still put in AL # order; still cluster

Cluster

- Required, not optional
 - Can only cluster items:
 - OMB identifies as clusters OR
 - State identifies as clusters and advises of compliance requirements OR
 - Research and development cluster
- AL #s with similar compliance requirements
- Must label it as a cluster even if only one AL # is received
- Can find cluster information in Compliance Supplement
- Part 5 has Clusters list (see page 1663 in 2021 Supplement)
- Common cluster at school districts is IDEA – contains 2 different AL #s
 - Flowthrough and Preschool

Cluster example

Requirement	A	B	C	E	F	G	H	I	J	L	M	N
Program Number	Activities Allowed or Unallowed	Allowable Costs/Cost Principles	Cash Management	Eligibility	Equipment Real Property Management	Matching, Level of Effort, Earmarking	Period of Performance	Procurement Suspension & Debarment	Program Income	Reporting	Subrecipient Monitoring	Special Tests and Provisions
10.000	Y	Y	Y	N	Y	N	N	N	Y	Y	N	Y
10.500	Y	Y	N	N	N	Y	Y	N	N	Y	Y	N
10.511	Y	Y	Y	N	Y	Y	N	N	N	Y	N	N
10.512	Y	Y	Y	N	Y	Y	N	N	N	Y	N	N
10.514	Y	Y	Y	N	N	N	N	N	N	Y	Y	N
10.515	Y	Y	Y	N	N	N	N	N	N	Y	Y	N
10.516	Y	Y	Y	N	Y	N	N	N	N	Y	Y	N
10.517	Y	Y	Y	N	Y	N	N	N	N	Y	Y	N
10.520	Y	Y	Y	N	Y	N	N	N	N	Y	Y	N
10.521	Y	Y	Y	N	Y	N	N	N	N	Y	Y	N
10.551/10.561	Y	Y	N	N	N	Y	N	Y	N	N	Y	Y
10.553/10.555/10.556/ 10.559	Y	Y	Y	Y	N	N	N	Y	Y	N	N	Y



What Goes in a SEFA?

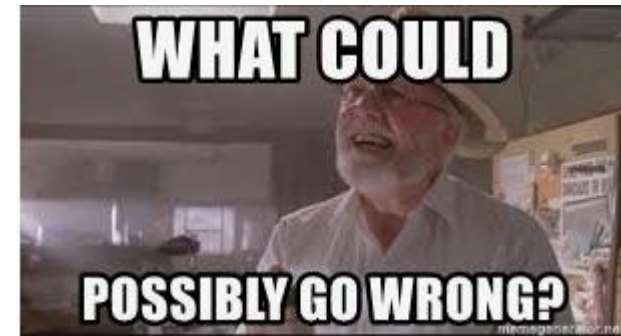
- Value of Federal awards that are non-cash assistance including commodities, insurance, loans outstanding, and loan guarantees
 - Considered Federal expenditures
 - Loans and guarantees (not likely for Districts) are 1) new loan amounts plus 2) beginning of year balances plus 3) interest subsidy/cash/administrative cost allowances
- Additional information required by federal agencies or pass-through entities
 - MDE requires accrued revenue (beginning and ending of year), cumulative PY expenditures, cash receipts, and schedule of amounts provided to subrecipients

What Goes in a SEFA?

- If Nonfederal awards are included
 - Not likely for school districts
 - Sometimes state awards are a percentage Federal and want to be on SEFA
 - Still need Federal only portion
 - Can have other things if required, but clearly segregate non-Federal

What Goes Wrong?

- District doesn't know what AL # a grant belongs to
 - Wrong major programs selected
 - Items incorrectly excluded from testing a major program
 - Items incorrectly included in testing of a major program
 - Wrong compliance requirements tested
- Clusters not properly determined
 - Same issues as wrong AL #
- Totals by AL # or cluster are not proper
 - Same issues as wrong AL #



What Goes Wrong?

- Expenditures are incorrect/recorded to wrong AL #
 - Wrong major programs selected
 - Wrong population tested for compliance
- Funding source information presented is wrong
 - Funder may question legitimacy
 - Funder may require you to restate your SEFA
- Errors usually mean re-work is required by auditor
 - Could mean additional billings
 - Could mean internal control deficiencies
 - Significant internal control deficiencies could mean you will be a high risk-auditee the next two years at least
 - High-risk auditee means the auditor has to do more work
 - In turn, the DISTRICT would need to do more work
 - Therefore it's important to get this right!!

Best Practice

- Start with the prior year SEFA
 - If your auditors format it, request their final PY copy to start from
- Roll forward the numbers that are in the end of year accrued column to be the ones accrued at the beginning of the year.
- Update active grants
 - Enter cash payments received (reconcile to GAR or ISD schedule)
 - Enter expenditures for the grant and adjustments, if any
 - $PY\ AR - CY\ receipts + CY\ expenditures = CY\ AR$ (should reconcile to receivables per GL)
- Add any new grants to the schedule
- Remove any grants that are no longer active.



Best Practice

- When complete – perform a self check to ensure you have no errors
 - Trace PY AR column to PY SEFA
 - Reconcile CY AR column to receivables per GL
 - Reconcile expenditures per the SEFA to revenues per the GL
 - Reconcile payments received to the GAR or ISD subrecipient schedule
 - Foot and crossfoot

Commodities

Recipient Entitlement Balance Report School Year 2019-2020

Print Date: 07/02/2020

Distributor: GLC-BR

Royal Oak Schools

FINAL

Sponsor Agreement Number: 63040

800 DeVillan Avenue

ROYAL OAK, MI 480734228

Distribution	\$79,944.15
Bonus	\$ 103.60
	<u>\$80,047.75</u>

	Processed	Brown Box	(Proc + BB) Total	DoD	Total	Balance	(Bonus)
July	0.00	0.00	0.00	0.00	0.00	106,063.15	0.00
August	1,812.11	349.38	2,161.49	0.00	2,161.49	103,901.66	0.00
September	7,453.25	2,147.18	9,600.43	3,248.29	12,848.72	91,052.94	0.00
QTD (1)	9,265.36	2,496.56	11,761.92	3,248.29	15,010.21		0.00
October	9,529.23	1,578.55	11,107.78	3,858.11	14,965.89	76,087.05	103.60
November	6,194.36	1,428.92	7,623.28	2,597.18	10,220.46	65,866.59	0.00
December	5,817.76	935.29	6,754.05	2,216.20	8,970.25	56,896.34	0.00
QTD (2)	21,541.35	3,943.76	25,485.11	8,671.49	34,156.60		103.60
January	7,165.25	1,607.47	8,772.72	2,822.19	11,594.91	45,301.43	0.00
February	7,250.02	1,012.89	8,262.91	2,883.98	11,146.89	34,154.54	0.00
March	4,169.41	1,596.02	5,765.43	140.34	5,905.77	28,248.77	0.00
QTD (3)	18,594.68	4,216.38	22,801.06	5,846.51	28,647.57		0.00
April	1,345.86	0.00	1,345.86	0.00	1,345.86	26,902.91	0.00
May	543.38	0.00	543.38	0.00	543.38	26,359.53	0.00
June	240.53	0.00	240.53	0.00	240.53	26,119.00	0.00
QTD (4)	2,129.77	0.00	2,129.77	0.00	2,129.77		0.00
Total Distribution	51,521.16	10,656.70	62,177.86	17,766.29	79,944.15	26,119.00	103.60

Entitlement Dollars: \$106,063.15 (292,588 Meals @ 0.3625 Meal Rate)

	Single Bank	Brown Box	DoD	Total
Entitlement	77,406.45	10,656.70	18,000.00	106,063.15
Distributions	51,521.16	10,656.70	17,766.29	79,944.15
Balance	25,885.29	0.00	233.71	26,119.00
% Usage	66.56%	100.00%	98.70%	75.37%
Carryover/Giveaway	0.00	0.00	0.00	0.00
Reallocated Balances	20,110.85	0.00	0.00	20,110.85
Adjusted Balance	45,996.14	0.00	233.71	46,229.85

Non-Cash example

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	AL Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2020	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2021	Subrecipients
U.S. Department of Agriculture								
Child Nutrition Cluster								
Passed through the Michigan Department of Education								
Non-cash Assistance:								
Entitlement commodities - 2020-2021	10.555	\$ 36,258	\$ -	\$ -	\$ 36,258	\$ 36,258	\$ -	\$ -
Cash Assistance								
National School Lunch Program:	10.555							
COVID-19 SFSP 200902		237,183	237,183	44,955	44,955	-	-	-
Summer Food Service Program (SFSP)	10.559							
2019-2020 200900		51,398	1,467	-	49,931	49,931	-	-
2020-2021 200904		619,671	-	-	531,569	619,671	88,102	-
Total Summer Food Service Program		671,069	1,467	-	581,500	669,602	88,102	-
Total Cash Assistance		908,252	238,650	44,955	626,455	669,602	88,102	-
Total Child Nutrition Cluster		944,510	238,650	44,955	662,713	705,860	88,102	-
CACFP:	10.558							
2020-2021 - 211920		605	-	-	605	605	-	-
Total US Department of Agriculture		945,115	238,650	44,955	663,318	706,465	88,102	-

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Where to get information for the SEFA

- Compare AL #s and Agency names to grant documents
 - Every grant with Federal funds should indicate the AL #; make sure it matches exactly
 - Agency name may be in the grant (make sure it matches exactly) or can be determined based on AL #
 - If no AL # is listed
 - Grantor hasn't followed the rules
 - Typically, would suggest requesting information directly from grantor
 - Last resort- search <https://beta.sam.gov/>
- Verification of payments from the ISD, when applicable

To Get to GAR

- Currently, auditors no longer have access to run the reports
 - GARs/CMS have been moved from MEGS+ to NexSys as of September 2021
 - We have been told each district needs to set up permissions individually
- Grant Auditor Reports (GAR) – the OLD way
 - www.Michigan.gov/mde (Basic MDE website)
 - State Aid & School Finance
 - Audits
 - Grant auditor reports
 - Search for name – Go
 - Select name – go
 - Change dates – search
 - Currently have to use Internet Explorer



Grant Auditor Report

Grant Auditor Report

63040

7/1/2019 - 6/30/2020

ISD 63

Royal Oak Schools
800 DeVillen Avenue
ROYAL OAK, MI 480734228

Grant #	Project #	Project End Date	Allocation	Approved	Paid During Date Range	Cumulative Payments	Balance Approved-Cumulative	Final Expenditure Report?
10.553								
School Breakfast Program								
191970	1219		\$0.00	\$12,688.26	\$12,688.26	\$12,688.26	\$0.00	None
201970	120		\$0.00	\$15,089.26	\$15,089.26	\$15,089.26	\$0.00	None
201970	220		\$0.00	\$10,474.06	\$10,474.06	\$10,474.06	\$0.00	None
201970	320		\$0.00	\$9,691.95	\$9,691.95	\$9,691.95	\$0.00	None
201970	420		\$0.00	\$11,454.22	\$11,454.22	\$11,454.22	\$0.00	None
201970	520		\$0.00	\$10,307.60	\$10,307.60	\$10,307.60	\$0.00	None
201970	620		\$0.00	\$5,785.66	\$5,785.66	\$5,785.66	\$0.00	None
Total for 10.553			\$0.00	\$75,491.01	\$75,491.01	\$75,491.01	\$0.00	
10.555								



Prior year SEFA for Information for Continuing Grants

- For grants that are not closed out, get the PY expenditures from the PY SEFA

June 30, 2019								
Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Unearned) Revenue at July 1, 2018	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Unearned) Revenue at June 30, 2019	Subrecipients
U.S. Department of Agriculture Passed through the Michigan Department of Education Child Nutrition Cluster								
National School Breakfast Program:	10.553							
2017-2018 - 181970		\$ 65,127	\$ 59,929	\$ -	\$ 5,198	\$ 5,198	\$ -	\$ -
2018-2019 - 191970		53,564	-	-	53,564	53,564	-	-
Total National School Breakfast Program		118,691	59,929	-	58,762	58,762	-	-

CY SEFA example

- Enter CY expenditures for the grant for the grant that carries over from PY:

June 30, 2020								
Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Unearned) Revenue at July 1, 2019	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Unearned) Revenue at June 30, 2020	Subrecipients
U.S. Department of Agriculture Passed through the Michigan Department of Education Child Nutrition Cluster								
National School Breakfast Program:	10.553							
2018-2019 - 191970		\$ 66,252	\$ 53,564	\$ -	\$ 12,688	\$ 12,688	\$ -	\$ -
2019-2020 - 201970		62,803	-	-	62,803	62,803	-	-
Total National School Breakfast Program		<u>129,055</u>	<u>53,564</u>	<u>-</u>	<u>75,491</u>	<u>75,491</u>	<u>-</u>	<u>-</u>

PY Award from PY SEFA	\$53,564.00
CY from GAR	<u>\$12,688.26</u>
Total to put on this year SEFA	<u><u>\$66,252.26</u></u>

More examples - PY

June 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Unearned) Revenue at July 1, 2018	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Unearned) Revenue at June 30, 2019	Subrecipients
Passed through the Michigan Department of Education								
Adult Basic Education: Project number 181130-181137	84.002	\$ 28,880	\$ 20,790	\$ 19,879	\$ 19,879	\$ -	\$ -	\$ -
Title I Part A:	84.010							
Project number 181530-1718		328,687	289,492	68,797	79,936	11,139	-	-
Project number 191530-1819		307,584	-	-	199,238	270,311	71,073	-
Total Title I		636,271	289,492	68,797	279,174	281,450	71,073	-
Title III Part A:	84.365							
Project number 170580-1617 LEP		28,996	16,355	3,383	7,528	4,145	-	-
Project number 190570-1819 IMMIGRANT		7,139	-	-	3,999	6,633	2,634	-
Project number 190580-1819 LEP		36,509	-	-	17,160	19,383	2,223	11,277
Total Title III Part A		72,644	16,355	3,383	28,687	30,161	4,857	11,277
Title II Part A:	84.367							
Project number 180520-1718		191,579	93,173	3,262	6,724	3,462	-	-
Project number 190520-1819		226,677	-	-	90,198	119,582	29,384	-
Total Title II Part A		418,256	93,173	3,262	96,922	123,044	29,384	-
Title IV:	84.424							
Project number 181750-1718		10,000	3,249	259	259	-	-	-
Project number 181750-1819		25,857	-	-	4,443	4,443	-	-
Total Title IV		35,857	3,249	259	4,702	4,443	-	-



More examples - CY

June 30, 2020								
Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Approved Awards Amount	(Memo Only) Prior Year Expenditures	Accrued (Unearned) Revenue at July 1, 2019	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Unearned) Revenue at June 30, 2020	Subrecipients
Passed through the Michigan Department of Education								
Adult Basic Education: Project number 201130-201137	84.002	28,880	-	-	-	25,382	25,382	-
Title I Part A: Project number 191530-1819 Project number 201530-1920	84.010	307,584 192,114	270,311 -	71,073 -	71,073 173,893	- 175,893	- 2,000	- -
Total Title I		499,698	270,311	71,073	244,966	175,893	2,000	-
Title III Part A: Project number 190570-1819 IMMIGRANT Project number 190580-1819 LEP Project number 200570-1920 IMMIGRANT Project number 200580-1920 LEP	84.365	7,139 36,509 3,245 43,883	6,633 19,383 -	2,634 2,223 -	2,634 7,006 441 15,996	- 4,783 751 15,816	- - 310 (180)	- - - 11,494
Total Title III Part A		90,776	26,016	4,857	26,077	21,350	130	11,494
Title II Part A: Project number 190520-1819 Project number 200520-1920	84.367	\$ 226,677 184,303	\$ 119,582 -	\$ 29,384 -	\$ 36,498 -	\$ 7,114 52,812	\$ - 52,812	\$ - -
Total Title II Part A		410,980	119,582	29,384	36,498	59,926	52,812	-
Title IV: Project number 200750-1920	84.424	39,068	-	-	958	4,259	3,301	-

Financial Accounting Guidance- Example

- https://www.michigan.gov/documents/mde/COVID-19_Accounting_Guidance_691616_7.pdf

(NEW) Public Act 3 of 2021 (incl. ESSER II Discretionary & SAF) Overview and Accounting Guidance

Public Act 3 of 2021 (HB 4048) signed by the Governor on March 9, 2021 released 43.6% of ESSER II Formula funds, approved a portion of ESSER II and GEER II Discretionary funds, and appropriated State Aid funds for other programs:

Section 11r(2) released 43.6% of ESSER II Formula funds tied to 15 allowable areas. ESSER II Formula funds should be recorded as federal revenue under **Major Class 414, Suffix 0250**. Expenditures of ESSER II Formula funds should be recorded with **Grant Code 485** (new).

Section 11r(4) allocated \$136,000,000 to districts whose ESSER II Formula allocation was less than \$450 per-pupil (in addition to meeting other qualification criteria) for **State Aid Fund** Equalization funds. Districts below this threshold and meeting qualification criteria will receive an equalization payment through State Aid so that the sum of their ESSER II Formula allocation and 11r(4) allocation equals \$450 per-pupil (adjusted for membership throughout 2020-21. These funds should be recorded as state revenue under **Major Class 312, Suffix 0250**. Expenditures of these funds should be recorded with **Grant Code 387** (new) to the extent eligible expenditures are incurred.

11r(4) funds are subject to Section 18a of the State School Aid Act, allowing districts to carry over unspent funds to 2021-22:

“...if a grant recipient does not expend the funds received under this article before the end of the fiscal year in which the funds are received, the grant recipient shall submit a report to the department not later than November 1 after the fiscal year in which the funds are received indicating whether it expects to expend those funds during the fiscal year in which the report is submitted.”

Districts not expending their full allocation of 11r(4) by June 30, 2021 should record unspent funds as Unearned Revenue (**Balance Sheet Major Class 471**) at year-end. Details regarding expectations of the “report to the department not later than November 1” required under Section 18a will be communicated in the future.



2020-2021 SEFA considerations

Identification of COVID-19 related awards on the SEFA and SF-SAC

As described in 2 CFR section 200.510(b), auditees must complete the SEFA and include CFDA numbers federal awards and subawards. To maximize the transparency and accountability of COVID-19 related award expenditures, non-federal entities should separately identify COVID-19 expenditures on the SEFA and SF-SAC. This includes the new COVID-19 only programs. This may be accomplished by identifying COVID-19 expenditures on the:

- SEFA - On a separate line by CFDA number with “COVID-19” as a prefix to the program name. Example:
 - COVID-19 - Temporary Assistance for Needy Families – 93.558 - \$1,000,000
 - Temporary Assistance for Needy Families – 93.558 - \$3,000,000
 - Total - Temporary Assistance for Needy Families – 93.558 - \$4,000,000
- SF-SAC - On a separate row by CFDA number with “COVID-19” as the first characters in Part II, Item 1c, Additional Award Information. Example:



2021 SEFA Reporting

- Certain grants allow expenditures incurred in a prior year to be charged on the SEFA in the current year. Notes to SEFA should give details (following the FEMA example):

2. If the non-federal entity incurs eligible expenditures in its fiscal year 2014 and FEMA approves the non-federal entity's PW in the non-federal entity's fiscal year 2015, the non-federal entity records the eligible expenditures in its fiscal year 2015 SEFA with a footnote that discloses the amount included on the SEFA that was incurred in a prior year.



What Will the Auditor Look For?

- When complete – perform a self check to ensure you have no errors
 - Trace PY AR column to PY SEFA
 - Reconcile CY AR column to receivables per GL
 - Reconcile expenditures per the SEFA to revenues per the GL for each grant
 - **Ensure total federal expenditures per the SEFA = total federal revenues per GL, or show reconciliation**
 - 60-day rule could result in revenue reconciling items
 - If AR not requested/received within 60 days, will be expenditure on the SEFA but not revenue in the funds
 - Reconcile payments received to the GAR or ISD subrecipient schedule
 - Foot and crossfoot
 - Expenditures should not exceed grant awards
 - Ensure correct grant codes are used

Objectives

- Discuss when a SEFA is required
- Discuss proper recording of revenues and expenditures
- Demonstrate how to create a SEFA
- Discuss where to find pertinent information
- Discuss what auditors will look at
- Understand the importance of the SEFA being correct



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Thank you!

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