**[CLIENT NAME]**

**[COUNTY NAME] COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**2 CFR 200.510(b)(6)**

**FOR THE YEAR ENDED [FYE DATE]**

**[Note: This shell is an *example* of disclosures for the Schedule of Expenditures of Federal Awards. Auditees should review 2 CFR 200 and Chapter 7 of the 2019 AICPA *Governmental Auditing Standards and Single Audits* Guide for additional guidance to consider. Blue font language should be removed when submitted for audit.]**

**Updated Oct. 2019 for AICPA *Governmental Auditing Standards and Single Audits* Guide References**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of **[NAME OF GOVERNMENT]** (the Government’s) under programs of the federal government for the year ended **[FYE DATE]**. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Government, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Government **[modify as necessary depending on the financial statement’s financial reporting framework].**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis **[1]** of accounting. **[, except expenditures passed through [list pass-through agency or program] are presented on an accrual basis. [2] ]** Such expenditures are recognized following the cost principles contained in Uniform Guidancewherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. **[Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.]**

**[NOTES:**

**[1]: AOS included cash basis of accounting in the footnote example due to the fact most entities report expenditures on the SEFA on a cash basis. However, this note should be modified to identify the basis of accounting used to report expenditures.**

**[2] List exception if a specific program with expenditures that must be accrued is included on the schedule. Also see footnote 4 on the SEFA shell.]**

**NOTE C – INDIRECT COST RATE [3]**

The Government has elected **[not]** to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**[NOTE [3]: Even if the entity does not have any indirect costs, this note is still required.]**

**NOTE D - SUBRECIPIENTS**

The Government passes certain federal awards received from **[name Federal or pass-through agency]** to other governments or not-for-profit agencies (subrecipients). As Note B describes, the Government reports expenditures of Federal awards to subrecipients when paid in cash. **[,** **except expenditures passed through [list pass-through agency] are presented on an accrual basis. [NOTE: List exception if a specific program with expenditures that must be accrued is included on the schedule.]**

As a subrecipient, the Government has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award’s performance goals. **[Either delete this note if your Government does not have subrecipients or note that your Government did not provide funds to subrecipients during the audit period.]**

**NOTE E - CHILD NUTRITION CLUSTER**

The Government commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the Government assumes it expends federal monies first. **[This note only applies to entities with food distribution programs.]**

**NOTE F – FOOD DONATION PROGRAM**

The Government reports commodities consumed on the Schedule at the fair value **[or entitlement value]**. The Government allocated donated food commodities to the respective program**(s)** that benefitted from the use of those donated food commodities. **[This note only applies to entities with food distribution programs.]**

**NOTE G – LOAN PROGRAMS WITH CONTINUING COMPLIANCE REQUIREMENTS**

The federal loan programs listed below are administered directly by the Government, and balances and transactions relating to these programs are included in the Governments basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balances of loans outstanding at [FISCAL YEAR END DATE] consist of:

|  |  |  |
| --- | --- | --- |
| **CFDA Number** | **Program/Cluster Name** | **Outstanding Balance at [FISCAL YEAR END DATE]** |
|  |  |  |
|  |  |  |
|  |  |  |

**Notes:**

* **Review the applicable grant agreement and, if available, the SEFA Completeness Document for additional reporting guidelines.**
* **Per 2019 AICPA *Governmental Auditing Standards and Single Audits* Guide, 7.20-.21, “2 CFR 200.502(b) indicates that the beginning of the audit period balance of loans from previous years for which the federal government imposes continuing compliance requirements must be included in determining the value of total federal awards expended under loan programs. However, 2 CFR 200.502(d), provides an exception by stating that the proceeds of loans that were received and expended in prior years are not considered federal awards expended under the Uniform Guidance when the federal statutes, regulations, and the terms and conditions of federal awards pertaining to such loans impose no continuing compliance requirements other than to repay the loans. The Uniform Guidance does not specifically define the term continuing compliance requirements, as used in these sections. Therefore, determining whether a loan has continuing compliance requirements is an important auditee consideration when determining federal awards expended and preparing the schedule of expenditures of federal awards. Some federal agencies assist auditees with making this determination by indicating whether specific loan programs have continuing compliance requirements in the OMB Compliance Supplement. Terms and conditions of federal awards or subawards may also address whether a loan has continuing compliance requirements.**

**In some cases, determining whether a loan has continuing compliance requirements is relatively straightforward. For example, when an auditee expended the proceeds of a federal loan to construct a building in the prior year, a provision by the federal lender to require the auditee to ensure that a certain percentage of the building is rented to low-income residents during the loan term would be considered a continuing compliance requirement. However, in other cases, auditee judgment may need to be applied regarding whether there are continuing compliance requirements based on facts and circumstances. For situations where the determination of whether a loan has continuing compliance requirements is unclear, auditees are advised to consult with the federal awarding agency or pass-through entity”. Furthermore, footnote 10 to 7.21 states “auditors may use professional judgment in evaluating the auditee's determination of whether there are continuing compliance requirements. Communication with the federal agency's Office of Inspector General or other such program contact listed in Appendix III of the Compliance Supplement may be appropriate if there is any question about an auditee's determination of whether there are continuing compliance requirements.”**

**NOTE H - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) and HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME) GRANT PROGRAMS with REVOLVING LOAN CASH BALANCE**

**The Office of Community Development (OCD) requests the inclusion of this footnote for CDBG and HOME program GRANT funds (CFDA # 14.228 & 14.239) passed through from OCD to your local government when subsequently loaned by your government through a revolving loan program. These programs originate as grants from the Federal Government to OCD and remain grants for SEFA reporting/testing at the local government level even when your local government uses these grant monies for revolving loan purposes.**

**While OCD requests the inclusion of this note, this is not a UG required footnote and no modification will be made to the opinion on the Schedule of Expenditures of Federal Awards.**

The current cash balance on the Governments local program income account as of **[FYE DATE]** is **$XXX,XXX.**

**NOTE I - MATCHING REQUIREMENTS**

Certain Federal programs require the Government to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Government has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds. **[Delete this note if there are no Federal programs that have matching requirements. Modify if the Government did not comply with its matching requirement.]**

**NOTE J - TRANSFERS BETWEEN PROGRAM YEARS**

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE’s consent, schools can transfer unobligated amounts to the subsequent fiscal year’s program. The District transferred the following amounts from 20XX to 20XX+1 programs:

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**NOTE K - TRANSFERS BETWEEN FEDERAL PROGRAMS**

During fiscal year 20XX, the County made allowable transfers of **$XXXX** from the Temporary Assistance for Needy Families (TANF) (93.558) program to the Social Services Block Grant (SSBG) (93.667) program. The Schedule shows the County spent approximately **$XXXX** on the TANF program. The amount reported for the TANF program on the Schedule excludes the amount transferred to the SSBG program. The amount transferred to the SSBG program is included as SSBG expenditures when disbursed. The following table shows the gross amount drawn for the TANF program during fiscal year 20XX and the amount transferred to the Social Services Block Grant program.

|  |  |
| --- | --- |
| Temporary Assistance for Needy Families | $ XXXXX |
| Transfer to Social Services Block Grant  |  (XXXX) |
| **Total Temporary Assistance for Needy Families** | **$ XXXXX** |

**[This note only applies to county audits in which the County Job and Family Services Agency made allowable transfers between Federal programs. This example includes only transfers between TANF and SSBG, however, the note should be modified for any such allowable transfers made by the County Job and Family Services Agency. The ‘Total Temporary Assistance for Needy Families’ should match the amount reported on the Schedule.]**

**NOTE L – PRIOR YEAR PROGRAM EXPENDITURE ADJUSTMENTS**

The Ohio Department of Job and Family Services (ODJFS) sub-awarded to XYZ County, Federal funding from the U.S. Department of Health and Human Services. Although these programs were administered at the County level, in **[Month/Year]** ODJFS adjusted the County’s **XXX program** expenditures to align them with available funding sources. **<<<modify as necessary.** ODJFS’ adjustments were retroactive to the beginning of the grant period (October 1, 20XX). **<<<modify as necessary.** Therefore, these **[Month/Year]** adjustments affect **20XX-1** calendar-year program expenditures previously reported as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Program** | **CFDA** **Number** | **Pass Through Number** | **20XX-1 Federal Expenditures Reported** | **[Month/Year] Adjustment Amount** | **Adjusted 20XX-1 Federal Expenditures Reported** |
|  |  |  |  |  |  |
|  |  |  |  |  |  |

**[This note only applies to county audits in which the County Job and Family Services Agency made adjustments between Federal programs that impact the prior year Schedule expenditures reported. The note should be modified for the specific situation at each county.]**