

## 4. REPORTING

### 4.8 Supplemental Schedules

#### 4.8.5 Expenditures of Federal Awards (Schedule 16)

#### 4.8.5.10 **This section has been updated for the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 2 CFR 200 (Uniform Guidance), which supersedes the audit requirements of OMB Circular A-133. Click here for the [Uniform Guidance](#).**

Caution: If the government expends \$750,000 or more in federal grant awards in a year, it must contact the State Auditor's Office and arrange for an audit of its federal grants, a single audit, in accordance with the [Uniform Guidance](#), 2 CFR 200, Subpart F - Audit Requirements. Further, the government must submit the single audit reporting package to the federal government within 30 calendar days after receiving the SAO report (report issuance date) or within nine months following the end of the audit period, whichever is earlier. All governments that need a single audit must prepare financial statements even if they are not otherwise required to under the BARS Manual, with this Schedule included as supplementary information with the statements. If the government received and spent federal funds under only one program, the auditor may be able to conduct a *program specific* audit.

4.8.5.20 The purpose of this schedule is to summarize federal grant expenditures as a basis for planning and conducting the single audit. It also serves to provide assurance to those agencies that award financial assistance that their programs or grants were included in the audit. It is important to prepare this schedule carefully to ensure that it is accurate and complete. Any program or grant omitted from this schedule will be considered unaudited.

4.8.5.30 Include on this schedule all expenditures of federal awards that were received directly from a federal agency and indirectly (pass-through) from a state agency or local government.

4.8.5.40 Uniform Guidance: 2 CFR §200.510(b) describes the criteria and requirements for preparing the schedule. The SEFA must be prepared on the *same* basis of accounting, for the same period and reporting entity, and using the same underlying accounting records as the Schedule 01 and (as applicable) financial statements, ***except for specific exceptions described below starting at paragraph 4.8.5.80***. The schedule includes amounts required to be recorded, if any, during the **statutorily required open periods for cities and towns (20 days) and counties (up to 60 days)**.

Example: A calendar year grantee orders supplies and receives the invoice in December 2016. The grantee has an open period of 20 days after yearend. The grantee pays the invoice on February 5, 2017.

- Accrual basis: The expenditure is reported in the 2016 SEFA, because the activity, a receipt of goods in this situation, occurred during fiscal year 2016 and the invoice was received before the end of the period. In the financial statements this expenditure would have been reported as an expense with offsetting liability even though not yet paid. Since the SEFA is reported on the same basis of accounting as the other financial reports, it too would report the expenditure.
- Cash basis: The expenditure is reported in the 2017 SEFA, because cash-basis entities report expenditure when paid. However, note that had this invoice been paid **within** the open period, a cash-basis city, town or county would report the expenditure on the 2016 SEFA.

Report grant-related expenditures in the year they take place (even if the government will not be reimbursed by the grantor until the following year). For most programs, do not report amounts on this

schedule based on the date(s) that funds are received from the grantor (e.g., the date the government submitted a reimbursement request or received a reimbursement payment). Note however that there are some exceptions that allow for reporting revenue received on the SEFA for cash advances and fixed price awards.

4.8.5.50 *Federal awards expended* include the following (2 CFR §200.34 and §200.502):

- Direct costs of expenditure transactions associated with grants, cost-reimbursement contracts, cooperative agreements, and direct appropriations. (This includes expenditures of CFDA 10.665: Title I – Schools and Roads (3321068), Title II – Special Projects on Federal Land (3321069), Title III – County Projects (3321070).)
- Indirect costs claimed for reimbursement using an indirect cost rate or cost allocation plan.
- Disbursement of grant funds that the entity’s passed through to subrecipients. (*See additional information below regarding period of reporting.*)
- Use of loan proceeds under loan and loan guarantee programs. (*Refer to loan valuation guidance below.*)
- Receipt of federal property (e.g., equipment and supplies) and federal discounts received on equipment, such as for program CFDA 16.664.
- Receipt or use of program income. (*Refer to program income guidance below.*)
- Receipt of non-cash assistance such as food commodities and vaccines.
- Disbursement of amounts entitling a non-federal entity to an interest subsidy.
- Insurance contracts in force during the period under audit.

#### **American Recovery and Reinvestment Act (ARRA) of 2009**

4.8.5.60 Many new Catalog of Federal Domestic Assistance (CFDA) numbers were created under ARRA. The federal government has stated that all expenditures funded by ARRA must be listed in a separate row in the SEFA and the title of the award should begin with the prefix “ARRA.”

Caution: ARRA Build America Bonds – The OMB has excluded Build American Bonds from 2 CFR Part 200 Uniform Guidance, Subpart F single audits, and should not be reported on the SEFA.

#### **Indirect Costs**

4.8.5.70 Include in the SEFA any indirect costs that were claimed for reimbursement using an indirect cost rate or cost allocation plan. Revenues received from indirect cost recoveries should be coded as federal revenue (BARS accounts 331 or 333 as appropriate).

#### **Equipment and Supplies**

4.8.5.80 The receipt of federally-funded equipment, materials or supplies that are either received directly from a federal agency or received indirectly from another state or local entity that purchased them with federal funds, is considered a **non-cash award** that must be reported on the SEFA. The grantee reports the fair market value of the non-cash items on the SEFA, as determined by the awarding agency. *Despite the basis of accounting used by the grantee, non-cash awards are reported in the fiscal year they are received.*

#### **Other Non-Cash Assistance**

4.8.5.90 Food stamps, food commodities, vaccines, donated property (including surplus), and other non-cash assistance should be valued at fair market value at the time of receipt or the assessed value provided by

the grantor. The notes to the schedule of expenditures of federal awards should disclose the nature of the amounts reported. *Despite the basis of accounting used by the grantee, non-cash awards are reported in the fiscal year they are received.*

### **Matching/Cost Sharing**

- 4.8.5.100 The amount of state and/or local funding contributed by the entity in the form of matching funds or in-kind match required by the grantor should not be reported on the SEFA.

### **Program Income**

- 4.8.5.110 Many grantees earn program income while administering federal programs or projects. For most programs, the use or expenditure of program income is reported on the SEFA in the period the expenditure occurs in accordance with the basis of accounting. **However, some federal agencies differ on the treatment of program income on the SEFA. Therefore, it is recommended that the government consults with the grantor about how it requires the program income to be reported.**

When the expenditure of program income is reported, it is added to the amount of expenditures that occurred during the fiscal year that have been or will be applied to the program through a reimbursement or advance request. A note disclosure regarding the inclusion of expenditures from program income is recommended.

NOTE: The BARS revenue code for program income should be the same as the code of the grant generating this income. (See next section for accounting for program income related to revolving loans.)

NOTE: If the grantee has received written (documented) approval to use program income as match/cost sharing, it is not reported on the SEFA.

Unless otherwise specified in the grant agreement, interest earned on cash advances or idle grant funds is not considered program income. Interest earnings are recorded in the BARS account 361.

### **FEMA Disaster Assistance – CFDA 97.036**

- 4.8.5.120 Disaster assistance awards are made based upon a Project Worksheet (PW) and are classified by FEMA as either a “small” or “large” project according to the cost of the eligible work for the project. The thresholds for project costs can be found in the Compliance Supplement Part 4.

Some grantees might experience a long delay from the time they incur costs to recover from a disaster and the date they actually are approved to receive federal disaster relief funding. In the Compliance Supplement to the Uniform Guidance (2 CFR part 200), FEMA has stated that for purposes of recording expenditures of federal Disaster Grants (CFDA 97.036 – IV. Other Information) on the Schedule of Expenditures of Federal Awards (SEFA):

*Non-Federal entities must record expenditures on the SEFA when: (1) FEMA has approved the non-Federal entity’s Project Worksheet (PW), and (2) the non-Federal entity has incurred the eligible expenditures. Federal awards expended in years subsequent to the fiscal year in which the PW is approved are to be recorded on the non-Federal entity’s SEFA in those subsequent years.*

*For example:*

1. *If FEMA approves the PW in the non-Federal entity’s fiscal year 2014 and eligible expenditures are incurred in the non-Federal entity’s fiscal year 2015, the non-Federal entity records the*

*eligible expenditures in its fiscal year 2015 SEFA.*

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.*

#### **Equitable Sharing Program – Department of Justice and Department of Treasury**

4.8.5.125 Equitable Sharing funds must be reported on the SEFA. Those are funds received from the Department of Justice (CFDA 16.922) or the Department of Treasury (see 4.8.5.180 [Column 3] for the guidance regarding coding when the CFDA number is not available). The Equitable Sharing funds are for payments to state and local law enforcement agencies that directly participate in an investigation or prosecution resulting in a federal forfeiture.

#### **Joint Law Enforcement Operation Funds (JLEO formerly CFDA 16.111)**

4.8.5.126 JLEO funds are no longer reported on the SEFA as they were removed from the CFDA in 2014. They are federal funds received for reimbursement of expenditures for the various costs incurred by state and local law enforcement officers participating in joint law enforcement operations with a federal agency participating in the Asset Forfeiture Fund, but they are not to be reported on the SEFA according to the Department of Justice.

#### **4.8.5.127 Retainage**

Per 2 CFR §200.305 – Payment, (b)(6)(iv) “A payment must not be made to a non-Federal entity for amounts that are withheld by the non-Federal entity from payment to contractors to assure satisfactory completion of work. A payment must be made when the non-Federal entity actually disburses the withheld funds to the contractors or to escrow accounts established to assure satisfactory completion of work.”

Retainage is an amount withheld from contractor payments until the end of the project when work has been completed to satisfaction. Retainage is considered an eligible expenditure/allowable cost that can be charged to the federal award and reported on the SEFA as a federal expenditure only when one of the following has been met:

- The retainage is paid to the contractor. *Despite the basis of accounting used by the grantee, the retainage payment is reported in the fiscal year it is paid.*
- The retainage is paid into an escrow/trust account. *Despite the basis of accounting used by the grantee, the retainage payment is reported in the fiscal year(s) it is paid into the escrow/trust account.*

Note: If retainage was not paid to the contractor or paid to an escrow/trust account, was reimbursed by the grantor, and the funds are being held in the grantees accounts, a cash advance has occurred. Report this amount on the SEFA and contact the awarding agency for guidance on what to do with the funds (such as return to grantor or move to an escrow/trust account).

#### **4.8.5.128 Disbursements to Subrecipients**

Per 2 CFR §200.502, “the determination of when a Federal award is expended must be based on when the activity related to the Federal award occurs. Generally, the activity pertains to events that require the non-Federal entity to comply with Federal statutes, regulations, and the terms and conditions of Federal awards, such as...the disbursement of funds to subrecipients...” *The disbursement of funds to*

*the subrecipient is reported on the SEFA in the fiscal year it is paid to the subrecipient, not the date the subrecipient has incurred the expenditure.*

### **Valuation of Federal Loans**

4.8.5.130 Use the following guidelines to calculate the value of *federal awards expended* under loan programs:

- (1) Amount of new loans made or received during the fiscal year, plus
- (2) Balance of loans from previous years for which the federal government imposes *continuing compliance requirements*, plus
- (3) Any interest subsidy, cash, or administrative cost allowance received.

#### **Question 1: When do I report the loan on my SEFA?**

Answer: Uniform Guidance: 2 CFR §200.502 (or OMB Circular A-133, section 205), and guidance from the AICPA state the loan is considered expended “when the loan proceeds are used”.

- **Reimbursement Basis:** Most loans are funded on a reimbursement basis where the borrower incurs program-related costs and then makes a request to the lender for the loan proceeds. In this case, report expenditures during the year for which the government will seek loan funding.
- **Loan Advances:** Some loans are made in advance of any project-related expenditures. Because the federal government is at risk for these loans, *the total proceeds received should be reported on the SEFA the date of receipt*, even if the government has not spent all the funding. Contact the lender to determine if it requires the full amount of proceeds to be reported in the year of receipt.
- **Revolving Loans.** If the entity receives federal funds and then makes a loan to another party, report the amount of loans the government made during the year. (Refer to additional guidance on revolving loan funds below).

#### **Question 2: What is a continuing compliance requirement?**

Answer: The government is considered to have a *continuing compliance requirement* if the lender continues to impose a requirement over the outstanding loan balance in any one of the following 12 areas in years following receipt of the loan.

1. Activities Allowed or Unallowed
2. Allowable Costs/Cost Principles
3. Cash Management
4. Eligibility
5. Equipment and Real Property Management
6. Matching, Level of Effort, Earmarking
7. Period of Performance of Federal Funds
8. Procurement and Suspension and Debarment
9. Program Income
10. Reporting
11. Subrecipient Monitoring
12. Award-Specific Special Tests and Provisions

Examples of continuing compliance requirements:

- A housing authority received a federal loan to construct apartments for low income households. As a condition of the loan, the authority is required to make a certain percentage of apartments available to low income households for the next 15 years. The housing authority should report the loan balance on the SEFA for the duration of this requirement. (We recommend consulting with the lender about its expectations for reporting loan balances).
- A university has established a federal revolving loan fund and makes loans to students to help them pay for school expenses. The federal agency sponsoring the loan program requires the university to comply with continuing requirements such as default prevention, billing and collection, deferments, cancelations, fund liquidity, and borrower exit counseling.
- A city purchased equipment with loan funds and is required to maintain capital asset records and conduct physical inventories of the equipment in the years following the purchase.

#### **Exceptions to the Rule:**

- **EPA Drinking Water State Revolving Fund (CFDA 66.468) and Clean Water State Revolving Fund (CFDA 66.458).** The EPA has stated in the Compliance Supplement that subrecipients receiving loans under these two programs do not have continuing compliance requirements. Subrecipients of these loans only report the amount used during the year and do not report the prior year balance.
- **USDA Interim Financing: Water and Waste Disposal Systems for Rural Communities (CFDA 10.760), Community Facilities Loans and Grants (CFDA 10.766).** After the USDA has made a commitment on a loan as evidenced by an approved “request for obligation of funds”, the borrower may obtain interim financing from commercial sources (e.g., a bank loan) during the construction period. Expenditures from these commercial loans which will be repaid from a USDA loan should be considered Federal awards expended, included in determining Type A programs, and reported in the Schedule of Expenditures of Federal Awards. Further, the entity does not have to report the subsequent issuance of the USDA loan as an expenditure again on the SEFA. Finally, these loans are not considered to have continuing compliance requirements, therefore the outstanding loan balance is not reported on the SEFA.

Question 3: If my project takes several years to complete, will I have continuing requirements throughout the duration of the project until it is complete?

Answer: Most likely. For example, many lenders will set aside a portion of the funding until all inspections are made and all supporting documentation encompassing the entire project is submitted and approved. Consult with the lender about its expectations over reporting loans for projects that span multiple years.

Question 4: How do I determine the amount of any interest subsidy I am receiving?

Answer: The OMB has not issued any official guidance on this topic. Typically, an interest subsidy means the federal government is paying or waiving a portion of the interest cost that would ordinarily have to be paid by the borrower. Consult with the lender to determine if any portion of interest is being subsidized.

Question 5: Are interest subsidies from Build America Bonds reported on the SEFA?

Answer: No. The OMB has excluded Build American Bonds from single audits.

Question 6: What if my project is complete and there are no requirements other than to repay the loan?

Answer: If the laws, regulations, and the provisions of contracts or grant agreements pertaining to the loan impose no continuing compliance requirements other than to repay the loan, the loan does not have to be reported on the SEFA.

Question 7: What if our entity makes a loan to another entity or program participant?

Answer: Report the amount of loans made during the year. If the entity administers a **revolving loan program** where federal funds are lent to third parties, repaid, and then lent to again to other parties, the repayment of principal and interest is considered program income (revenues) and loans of such funds to eligible recipients are considered expenditures. For purposes of SEFA presentation, report the amount of loans the government made during the year. This includes all loans that are funded by the original grant and program income. **However, be sure to check the terms of the grant award and discuss with the grantor** because some federal grantors have different rules for presenting revolving loans on the SEFA. For example, the Department of Commerce for its Economic Assistance Revolving Loan Fund requires grantees to report the balance of loans outstanding at year-end, instead of the amounts lent. Similarly, the Department of Education requires colleges and universities to report the balance of their Perkins loan fund on the SEFA in addition to amounts lent during the year. In contrast, some federal agencies only require the original loan to be reported and do not treat any subsequent lending as “federal” funds.

4.8.5.140 Accounting for Revolving Loans

The original grant for the loan program should be coded as federal direct or indirect grant (3310000 or 3330000).

A loan to an entity is a *balance sheet* transaction and the government should debit *Loan Receivables* and credit *Cash*. A repayment of the loan requires debiting *Cash* and crediting *Loan Receivables* and *Interest Revenue* (3614000).

There are no BARS codes specifically assigned to grants’ program revenues (neither principal nor interest). Although the repayment of principal is not considered revenue from the GAAP accounting perspective, it has to be considered as such for the purpose of SEFA. The expenditures from the revolving loan grant should include expenditures from the initial grant and subsequent repayments of the loans, including interest generated by the loan.

**Employer Identification Number (EIN) for Federal Grant Recipients**

4.8.5.150 Recipients of federal funds must arrange to have a single audit in accordance with Uniform Guidance, 2 CFR 200, Subpart F - Audit Requirements if they expend \$750,000 or more in federal awards in a year. Most federal grantors define a *recipient* according to the federal Employer Identification Number (EIN). That is, the grantor makes its awards to each grantee based on the EIN, rather than entity name. For example, if a small fire district uses the county’s EIN for payroll tax purposes, and also applies for a federal grant using the county EIN, some federal grantors will make the official grant award to the county. As a result, the grantor expects the award to be included in the county’s Schedule of Expenditures of Federal Awards (Schedule 16) and thus subject to audit at the county. Further, at the conclusion of a single audit, the fire district’s audit will be misfiled with the federal clearinghouse because the county’s EIN was listed on the Data Collection Form. This puts the county in a difficult position with the federal government and can cause additional audits. Therefore, it is recommended that all special purpose districts without an EIN make application for this number with the IRS (Form SS-4)

and use this number when applying for grants as well as IRS tax purposes. The district also should consult with its county auditor and/or treasurer for the protocol concerning payroll taxes.

### **Instructions for Preparing the Schedule of Expenditures of Federal Awards**

4.8.5.160 Electronic reporting is encouraged when filing annual reports. Annual reports should be submitted via the Online Filing option on the State Auditor’s website at: [www.sao.wa.gov](http://www.sao.wa.gov). Governments can manually enter the information or upload an electronic file. Acceptable file should adhere to the prescribed record layout and should be an Excel file. More details are provided on the website.

4.8.5.170 Local governments are **required** to update the incorrect financial data submitted on this schedule. The requirement applies to all errors found prior or during an audit. For questions and/or support e-mail the SAO Client HelpDesk through our Online Services.

4.8.5.180 The following are instructions for each column of the schedule. An example of a completed schedule follows the instructions.

Column 1 Provide the name of the federal grantor agency or organization. If the government receives federal funds as a pass-through award, identify the pass-through agency. Please clearly distinguish between federal agencies and state agencies with similar names or initials. Subtotals should be included for each federal agency.

Column 2 Provide the official name of the federal award. Please try to avoid using project names. A list of official titles can be obtained from the CFDA website at <https://www.cfda.gov/>. NOTE: For a **cluster of programs**, list individual federal programs within the cluster of programs (e.g., WIA Cluster – WIA Adult Program). For **research and development**, total federal awards expended must be shown by either the individual award or by federal agency and major subdivision within the federal agency. A listing of programs included in a cluster can be found in the 2 CFR Part 200, Appendix XI Compliance Supplement, Part 5. This listing changes each year, so it is important to consult the [Compliance Supplement](#) for the correct year.

Column 3 List the applicable CFDA number for each award. This is a five digit (XX.XXX) identification number assigned by the federal government and published in the Catalog of Federal Domestic Assistance. This number must be provided for all federal awards received either directly from a federal agency or indirectly through a state agency or local government.

Every effort should be made to obtain CFDA numbers. Research the program before the government concludes a CFDA number does not exist. Steps to take:

- Contact the grantor.
- Research the CFDA website (including the Historical Index).
- Contact the local audit team.
- Submit a question to the SAO Client HelpDesk.

Follow the guidance below if, after researching the number, the government concludes that a CFDA number does not exist.

- In the first two spaces enter the Federal Agency’s two-digit prefix (see list of agencies on next page).

- Follow the two-digit prefix with:
  - The contract or grant number, if available.
  - The word “UNKNOWN”, if no other identifying number is available.

Example: Assume an entity received an award with no CFDA number from the U.S. Department of Health and Human Services, but had a contract number of “555XYZ”. The government would enter the CFDA number on the SEFA as “93.555XYZ”.

Column 4 Use this column to report contract or grant numbers assigned by federal or state agencies, in addition to the CFDA number. If a number is not available, write **NA**.

Column 5 Use these columns to report current year expenditures (determined on the same basis of accounting as the financial statements). See requirements for valuing loans and noncash assistance above.

Expenditures from Pass-Through Awards - Enter the amount of expenditures for federal assistance received as a pass-through award from a state agency, local government, etc. When calculating the amount expended for each program, be sure to include both direct costs and indirect costs. If the government is making a subaward to another entity, these amounts should also be reported as expenditures.

Expenditures from Direct Awards - Enter the amount of expenditures for assistance received directly from a federal agency. When calculating the amount expended for each program, be sure to include both direct costs and indirect costs. If the government is making a subaward to another entity, these amounts should also be reported as expenditures.

Note: If the entity receives an award under the same CFDA number from multiple grantors, the SEFA should have a subtotal for that CFDA number showing the total amount received from all sources.

Total Expenditures - Enter the combined total of all federal expenditures from pass-through and direct awards by CFDA number.

Column 6 Passed through to Subrecipients (**NEW requirement per 2 CFR §200.510(b)(4)**):

Use this column to report the total amount of expenditures provided to subrecipients from each federal program. *This is an informational column that shows, of the amount of total expenditures of a program, how much was passed on to a subrecipient.*

Column 7 Notes to the Schedule:

**REQUIRED** - the notes to the schedule must disclose the basis of accounting and any other significant accounting policies used in preparing the schedule. This includes reconciling any difference between the amounts shown on the Schedule and the underlying amounts reflected in the entity’s accounting system.

**REQUIRED (NEW requirement per 2 CFR §200.510(b)(6))** – the notes must disclose whether or not the auditee elected to use the 10% de minimis cost rate as covered in 2 CFR §200.414 Indirect (F&A) costs.

OPTIONAL, BUT RECOMMENDED – provide any information that may be useful to the reader such as the nature of a revolving loan program, the method used to value commodities or other non-cash assistance such as property or vaccines, and any other information necessary to reconcile the amount reported to the entity’s accounting records.

An example of these footnotes is provided below.

### **Frequently Used Federal Agency Two-Digit Prefixes**

4.8.5.190 This list is used for CFDA numbers; if the government does not see the federal agency here, consult the CFDA at <https://www.cfda.gov/>.

07 - Office of National Drug Control Policy  
10 - Department of Agriculture  
11 - Department of Commerce  
12 - Department of Defense  
14 - Department of Housing and Urban Development  
15 - Department of Interior  
16 - Department of Justice  
17 - Department of Labor  
20 - Department of Transportation  
21 - Department of Treasury  
39 - General Services Administration  
43 - National Aeronautics and Space Administration  
47 - National Science Foundation  
59 - Small Business Administration  
64 - Department of Veterans Affairs  
66 - Environmental Protection Agency  
81 - Department of Energy (includes the Bonneville Power Administration)  
84 - Department of Education  
93 - Department of Health and Human Services  
94 - Corporation for National Service  
96 - Social Security Administration  
97 - Department of Homeland Security (includes FEMA)

### **Characteristics of Subrecipients and Contractors**

4.8.5.200 A **subrecipient** is a non-federal entity (typically a local government or non-profit organization) that receives federal assistance from a pass-through agency (such as the state or another local government) to carry out a program or project of the federal government. Subrecipients receive the federal grant or loan so that it can meet a public need in the community. The amount paid to the subrecipient to reimburse it for the cost of the project or program should be based on actual, allowable costs incurred - that is, a subrecipient cannot earn a profit from its grant agreement. Subrecipients have substantial decision-making responsibility for how the project or program operates. Subrecipients are required to follow all applicable requirements in Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards, 2 CFR 200. Often subrecipients are required to contribute some of their own funds as a matching share to accomplish the program or project.

4.8.5.210 **Contractors (formerly “vendors”)** compete with others to provide goods and services needed to operate a project or program. These goods and services are often ancillary to the overall program objectives. Selection of contractors is typically based on the capability to provide the best goods and

services at the best price. The scope of work is specified by the grantee and the price is usually based on quotes, formal bids, or requests for proposals. Contractors are often paid a set fee for providing its goods or services where the price allows the contractor to recover its costs and also earn a profit.

#### 4.8.5.220 Tips for Preparing the Schedule

- Some projects or programs may be funded by a mix of federal and state money. If possible, identify the different sources and list them on appropriate schedules (i.e., the federal share on the *Schedule of Expenditures of Federal Awards* and the state or portion on the *Schedule of Expenditures of State Financial Assistance*. If the state portion cannot be identified, list the entire amount on the *Schedule of Expenditures of Federal Awards* and describe the commingled nature of the funds in the *notes to the Schedule of Expenditures of Federal Awards*.
- Funds received as fee for services, generally should not be included on the Schedule 16. For example, if the government is being paid for providing goods or services in a contractor capacity, this contractor payment is not considered a federal grant to the entity.
- List all awards from the same federal agency together on the schedule (for example, group all HUD awards together by CFDA number).
- If the government chooses to report multiple projects/programs that have the same CFDA number as separate line items (e.g., WSDOT highway planning and construction projects), provide a subtotal for the CFDA number.
- It is important to note that the expenditures reported on the Schedule of Expenditures of Federal Awards will not necessarily tie to those reported on the operating statement, especially if the federal awards include loans or non-cash awards (property, supplies, etc.). However, all amounts reported should agree or reconcile to records maintained by finance, budget, and treasury departments.
- The SEFA should be prepared using the same basis of accounting as the financial statements. For example, if the government prepares the financial statements using the cash basis of accounting, the government should report expenditures of federal awards using the cash basis. Explain any departure in the footnotes.

4.8.5.230 The template for Online Filing is available on the SAO's website page, [BARS Reporting Templates](#). When using the Online Filing option, the system will create the Schedule based on data provided by the local government on the template. See attached example of the **final** version of the Schedule of Expenditures of Federal Awards.

**City of Example**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2016**

Federal Agency  (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass-Through Awards	From Direct Awards	Total		
<b>Highway Planning and Construction Cluster</b>								
Federal Highway Administration (fhwa), Department of Transportation (via WA State Department of Transportation)	Highway Planning and Construction	20.205	TAP-7034(002)/LA-8362	216,000	-	216,000	0	1,2
Federal Highway Administration (fhwa), Department of Transportation (via WA State Department of Transportation)	Highway Planning and Construction	20.205	STPUL-7031(003)/LA-8373	2,200,000	-	2,200,000	1,000,000	1,2
<b>Total Highway Planning and Construction Cluster:</b>				<b>2,416,000</b>	<b>-</b>	<b>2,416,000</b>	<b>1,000,000</b>	
<b>Highway Safety Cluster</b>								
National Highway Traffic Safety Administration (nhtsa), Department of Transportation (via WA State Traffic Safety Commission)	State and Community Highway Safety	20.600	N/A	2,299	-	2,299	0	1,2
<b>Total Highway Safety Cluster:</b>				<b>2,299</b>	<b>-</b>	<b>2,299</b>	<b>0</b>	
Department of Homeland Security	Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	2011-FH-000439	-	198,900	198,900	0	1,2
<b>Total Federal Awards Expended:</b>				<b>2,418,299</b>	<b>198,900</b>	<b>2,617,199</b>	<b>1,000,000</b>	

The accompanying notes are an integral part of this schedule.

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(City/County/District)

**Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 20\_\_**

**Notes 1 and 7 are required for all governments.** Disclose other notes only if applicable to the government's circumstances.

Note 1 – Basis of Accounting *(Required)*

This schedule is prepared on the same basis of accounting as the (city/county/district's) financial statements. The (city/county/district) uses the (describe the basis of accounting used by the city/county/district).

Note 2 – Program Costs *(Optional, but recommended if applicable.)*

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the (city/county/district's) portion, are more than shown. Such expenditures are recognized following, as applicable, either the cost principles in the OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 – Revolving Loan – Program Income *(Optional, but recommended if applicable.)*

The (city/county/district) has a revolving loan program for low income housing renovation. Under this federal program, repayments to the (city/county/district) are considered program revenues (income) and loans of such funds to eligible recipients are considered expenditures. The amount of loan funds disbursed to program participants for the year was \$\_\_\_\_\_ and is presented in this schedule. The amount of principal and interest received in loan repayments for the year was \$\_\_\_\_\_.

Note 4 – Federal Loans *(Optional, but recommended if applicable.)*

(a) The (city/county/district) was approved by the USDA Rural Utilities Service to receive a loan totaling \$\_\_\_\_\_ to build a sewer treatment plant. The amount listed for this loan includes the proceeds used during the year and the outstanding loan balance from prior years.

(b) The (city/county/district) was approved by the EPA and the PWB to receive a loan totaling \$\_\_\_\_\_ to improve its drinking water system. The amount listed for this loan includes the proceeds used during the year.

Both the current and prior year loans are also reported on the (city/county/district's) Schedule of Liabilities.

Note 5 – Noncash Awards – Vaccinations *(Optional, but recommended if applicable.)*

The amount of (vaccine/dental items/commodities/surplus property/etc.) reported on the schedule is the value of (vaccine/dental items/commodities/surplus property/etc.) received by the (city/county/district) during current year and priced as prescribed by \_\_\_\_\_.

Note 6 – Noncash Awards – Equipment *(Optional, but recommended if applicable.)*

The (city/county/district) received equipment and supplies that were purchased with federal Homeland Security funds by the state of Washington. The amount reported on the schedule

is the value of the property on the date it was received by the (city/county/district) and priced by the state of Washington.

Note 7 – Indirect Cost Rate

*(Required to state whether or not the de minimis indirect cost rate was elected.)*

The (city/county/district) has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**or**

The (city/county/district) has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

*(Optional, but recommended if applicable.)*

The amount expended includes \$\_\_\_\_\_ claimed as an indirect cost recovery using an approved indirect cost rate of \_\_\_\_ percent).

Note 8 – American Recovery and Reinvestment Act (ARRA) of 2009

Expenditures for this program were funded by ARRA.