




# Office of the State Controller

## OFFICIAL MEMORANDUM

**To:** Chief Financial Officers, Vice Chancellors, and Business Managers

**From:** Anne Godwin   
Deputy State Controller

**Date:** July 31, 2020

**Subject:** 2020 Coronavirus Relief Funds Financial Reporting

**CC:** Fiscal Staff

The Office of State Budget and Management (OSBM) disbursed Coronavirus Relief Funds (CRF) in accordance with Session Laws 2020-4, 2020-32, 2020-53, and 2020-80 during fiscal year 2019-2020. The CRF have eligibility requirements that must be met to recognize revenues and expenditures/expenses in fiscal year 2019-2020. Revenues cannot be recognized until eligible expenditures/expenses have been incurred by the recipient entity on an accrual basis [Governmental Accounting Standards Board (GASB) Technical Bulletin No. 2020-1, ¶15 - 6]. Revenues recorded on a cash basis must be reclassified to a liability at year-end if eligible expenditures/expenses have not been incurred by the recipient on an accrual basis as of June 30, 2020.

Additionally, expenditures/expenses recorded on a cash basis for funds passed to component units (including universities and community colleges), other governments, nonprofits, or other entities outside of the State's financial reporting entity must be reclassified to an asset at year-end if eligible expenditures/expenses have not been incurred by the recipient entity on an accrual basis as of June 30, 2020 [GASBS 33, ¶15, as amended by GASBS 65, ¶131; GASB Codification Section N50, ¶112].

Journal entries must be made as of June 30, 2020 to properly report the CRF received from OSBM if eligible expenditures/expenses have not been incurred by the recipient on an accrual basis. These entries will be made with a June 30, 2020 effective date and NCAS agencies will record the transactions with a 34 doc ID. It is each entity's responsibility to reconcile due to/due from transactions and transfers. Guidance for fiscal year 2020-2021 will be forthcoming.

For questions regarding CRF transactions, please contact your OSC analyst.

### State agencies:

- 1) State agencies that receive funds from OSBM and eligible expenditures have not been incurred on an accrual basis by the state agency as of June 30<sup>th</sup>:

For example, the state agency received \$75,000 from OSBM. On June 30<sup>th</sup>, the state agency had not incurred expenditures of \$25,000.



**State agency:**

DR Transfer In 438CAA \$25,000 (reduce original transfer in)  
CR Due to General Fund 212410 \$25,000

Include the Due to General Fund on worksheet 510 in the CAFR package and on the "Comments" line indicate this transaction is for CRF. This is an exception to the \$1 million threshold.

**OSBM:**

DR Due from General Fund 114410 \$25,000  
CR Transfer Out 538CAA \$25,000 (reduce original transfer out)

Include the Due from General Fund on worksheet 505 in the CAFR package and on the "Comments" line indicate this transaction is for CRF. This is an exception to the \$1 million threshold.

**OSC:**

DR Federal Revenue 432997 \$25,000  
CR Unearned Revenue 218110 \$25,000

- 2) State agencies that receive funds from OSBM and distribute some or all of these funds to component units (including universities and community colleges), other governments, nonprofits, or other entities outside of the State's financial reporting entity and these entities have not incurred eligible expenses on an accrual basis as of June 30<sup>th</sup>:
  - a. For example, the state agency disbursed \$100,000 to a **component unit** (including universities and community colleges). On June 30<sup>th</sup>, the component unit had not incurred expenses of \$50,000.

**State agency:**

DR Due from State of NC Component Units 114700 \$50,000  
CR Expenditure 5366AA \$50,000  
(Offset expenditure account recorded when funds were disbursed)

Include the Due from State of NC Component Units on worksheet 525 in the CAFR package and on the "Comments" line indicate this transaction is for CRF. This is an exception to the \$1 million threshold.

DR Transfer In 438CAA \$50,000 (reduce original transfer in)  
CR Due to General Fund 212410 \$50,000

Include the Due to General Fund on worksheet 510 in the CAFR package and on the "Comments" line indicate this transaction is for CRF. This is an exception to the \$1 million threshold.



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**OSBM:**

DR Due from General Fund 114410 \$50,000  
CR Transfer Out 538CAA \$50,000 (reduce original transfer out)

Include the Due from General Fund on worksheet 505 in the CAFR package and on the "Comments" line indicate this transaction is for CRF. This is an exception to the \$1 million threshold.

**OSC:**

DR Federal Revenue 432997 \$50,000  
CR Unearned Revenue 218110 \$50,000

- b. For example, the state agency disbursed \$100,000 to **another government, nonprofit, or other entity outside of the State's financial reporting entity**. On June 30<sup>th</sup>, the entity had not incurred expenses of \$50,000.

**State agency:**

DR Advances to Outside Entities 114501 \$50,000  
CR Expenditure 5366AA/536GAA \$50,000  
(Offset expenditure account recorded when funds were disbursed)

Include the Advance on worksheet 535 in the CAFR package and on the "Detailed Explanation" line indicate this transaction is for CRF.

DR Transfer In 438CAA \$50,000 (reduce original transfer in)  
CR Due to General Fund 212410 \$50,000

Include the Due to General Fund on worksheet 510 in the CAFR package and on the "Comments" line indicate this transaction is for CRF. This is an exception to the \$1 million threshold.

**OSBM:**

DR Due from General Fund 114410 \$50,000  
CR Transfer Out 538CAA \$50,000 (reduce original transfer out)

Include the Due from General Fund on worksheet 505 in the CAFR package and on the "Comments" line indicate this transaction is for CRF. This is an exception to the \$1 million threshold.

**OSC:**

DR Federal Revenue 432997 \$50,000  
CR Unearned Revenue 218110 \$50,000



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**Component Units:**

- 1) Component Units that receive funds from OSBM and eligible expenses have not been incurred on an accrual basis by the component unit as of June 30<sup>th</sup>:

For example, the component unit received \$75,000 from OSBM. On June 30<sup>th</sup>, the component unit had not incurred expenses of \$25,000.

**Component Unit:**

DR State Aid – CRF revenue 432905 \$25,000  
CR Due to Primary Govt 212500 \$25,000

Include the Due to Primary Govt. on worksheet 520 in the CAFR package and on the “Comments” line indicate this transaction is for CRF. This is an exception to the \$1 million threshold.

**OSBM:**

DR Due from State of NC Component Units 114700 \$25,000  
CR Expenditure 5366AA \$25,000  
(Offset expenditure account recorded when funds were disbursed)

Include the Due from State of NC Component Units on worksheet 525 in the CAFR package and on the “Comments” line indicate this transaction is for CRF. This is an exception to the \$1 million threshold.

**OSC:**

DR Federal Revenue 432997 \$25,000  
CR Unearned Revenue 218110 \$25,000

- 2) Component Units that receive funds from another State agency that received funds from OSBM and eligible expenses have not been incurred on an accrual basis by the component unit as of June 30<sup>th</sup>:

For example, the component unit received \$100,000 from DPI and the source of the funds from DPI were CRF from OSBM. On June 30<sup>th</sup>, the component unit had not incurred expenditures of \$50,000.

**Component Unit:**

DR State Aid – CRF revenue 432905 \$50,000  
CR Due to Primary Govt 212500 \$50,000

Include the Due to Primary Govt. on worksheet 520 in the CAFR package and on the “Comments” line indicate this transaction is for CRF. This is an exception to the \$1 million threshold.

**State agency (DPI in this example):**

Follow the state agency example in step 2a in the State agencies section.

**OSBM and OSC:**

Follow the example in step 2a for OSBM and OSC in the State agencies section.



3) Component units that receive funds from OSBM and distribute some or all of these funds to component units (including universities and community colleges), other governments, nonprofits, or other entities outside of the State’s financial reporting entity and these entities have not incurred eligible expenses on an accrual basis as of June 30<sup>th</sup>:

- a. For example, the component unit disbursed \$100,000 to another **component unit** (including universities and community colleges). On June 30<sup>th</sup>, the component unit had not incurred expenses of \$50,000.

**Component Unit:**

DR Due from State of NC Component Units 114700 \$50,000  
 CR Expenditure 5366AA \$50,000  
 (Offset expenditure account recorded when funds were disbursed)

Include the Due from State of NC Component Units on worksheet 525 in the CAFR package and on the “Comments” line indicate this transaction is for CRF. This is an exception to the \$1 million threshold.

DR State Aid – CRF revenue 432905 \$50,000  
 CR Due to Primary Govt 212500 \$50,000

Include the Due to Primary Govt. on worksheet 520 in the CAFR package and on the “Comments” line indicate this transaction is for CRF. This is an exception to the \$1 million threshold.

**OSBM and OSC:**

Follow the example in step 1 for OSBM and OSC in the Component Units section.

- b. For example, the component unit disbursed \$100,000 to **another government, nonprofit, or other entity outside of the State’s financial reporting entity**. On June 30<sup>th</sup>, the entity had not incurred expenses of \$50,000.

**Component Unit:**

DR Advances to Outside Entities 114501 \$50,000  
 CR Expense 5366AA/536GAA \$50,000  
 (Offset expenditure account recorded when funds were disbursed)

Include the Advance on worksheet 535 in the CAFR package and on the “Detailed Explanation” line indicate this transaction is for CRF.

DR State Aid – CRF revenue 432905 \$50,000  
 CR Due to Primary Govt 212500 \$50,000

Include the Due to Primary Govt. on worksheet 520 in the CAFR package and on the “Comments” line indicate this transaction is for CRF. This is an exception to the \$1 million threshold.

**OSBM and OSC:**

Follow the example in step 1 for OSBM and OSC in the Component Units section.