

May 19, 2010

The purpose of this e-mail is to provide information to charter schools on the American Recovery and Reinvestment Act, State Fiscal Stabilization Fund (SFSF) - June monies.

### **Background and Allocations**

Schools were required to complete a grant application by 5/17/10 in order to receive the SFSF-June monies. ADE Grants Management and the Governor's Office of Economic Recovery (OER) e-mail dated 5/11/10 provides the background and allocations related to the SFSF-June monies.

### **Recording Revenues and Expenses**

Schools should follow the same guidance for recording and expending these SFSF-June monies as was provided by our Office last fall for the first SFSF payment, and last month for the SFSF-Spring (May) Monies. Please refer to our e-mails dated 10/1/09 (Guidance on Accounting for ARRA State Fiscal Stabilization Fund Monies—Charter Schools) and 4/29/10 (ARRA State Fiscal Stabilization Fund-Spring--Charter Schools) which are also available on our Web site at [http://www.azauditor.gov/Reports/Charter\\_Schools/Charter\\_School\\_FAQs.htm](http://www.azauditor.gov/Reports/Charter_Schools/Charter_School_FAQs.htm). Schools should use the same object code for revenues and the same program codes for recording expenses related to the SFSF-June monies.

### **Cash Management and Reporting**

Per the guidelines established by the OER, unlike past SFSF applications, schools have the option of drawing down funds in one single payment or over multiple installments. If a school plans on spending all of their allocated funds in June, they can draw down the monies all at once. If a school does not plan on spending all of their allocated funds in June, they can draw down what they would use for June, request ADE to extend the project end date up to 9/30/2010, and then draw down payments each month through cash management reports. SFSF monies received in FY 2010 must be expended and recorded in the schools' accounting records in FY 2010, and reported in cash management reports, completion reports, and for ARRA recipient reporting for FY 2010.

Additionally, the SFSF monies are being treated as a reimbursement grant, where schools are reimbursed for eligible expenses that have already occurred. Schools are also required to follow federal cash management guidelines and must use the SFSF monies quickly once they are received. In order to comply with these guidelines, schools may want to make journal entries to move FY 2010 prior month(s)' eligible expenses to the SFSF program codes. If journal entries are used to reclassify expenses, the school must maintain detailed supporting documentation of those expenses reclassified to the SFSF program codes.

Schools that did not spend all of their SFSF-Spring monies and report the expenses on the May cash management report will need to complete separate cash management reports in June for the SFSF-Spring and SFSF-June monies. As a result, schools should document which expenses recorded with the SFSF program codes were from the SFSF-Spring monies and which expenses were from the SFSF-June monies in order to properly complete the cash management reports in June. If you have

questions regarding cash management reports and the completion reports and ARRA recipient reporting, please contact ADE Grants Management Office at 602-542-3695 or [grants@azed.gov](mailto:grants@azed.gov).

### **Revisions to FY 2010 Budget Forms**

SFSF-June monies may be used for expenses of FY 2010 or FY 2011. Schools using part or all of the SFSF-June monies for FY 2010 expenses should revise their FY 2010 annual budget-State Fiscal Stabilization Fund supplement page to include the applicable expenses. Schools have until July 15, 2010, to revise their FY 2010 budget. SFSF-June monies to be used for FY 2011 expenses should be included in the school's FY 2011 budget.

### **Impact on Charter School Audits**

Governmental and not-for-profit schools should consider the amount of SFSF monies expended as part of their total federal expenses in determining whether they have exceeded the single audit threshold. If schools expend \$500,000 or more in federal awards, they are required to obtain an annual single audit. If a school should need to obtain a single audit due to the amount of SFSF monies expended in FY 2010 or FY 2011, it should submit an engagement letter for a single audit to the Arizona State Board for Charter Schools. For more information on single audits, see USFRCS §VIII (Audit Requirements) available on our Web site at [www.azauditor.gov/manuals\\_charter.htm](http://www.azauditor.gov/manuals_charter.htm) or the Arizona State Board for Charter Schools Audit Guidelines Memorandum available on their Web site at [http://www.asbcs.az.gov/school\\_resources/audit\\_guidelines.asp](http://www.asbcs.az.gov/school_resources/audit_guidelines.asp).

If you have any questions regarding this e-mail, please contact Sara Thomas or Michael Stelpstra at (602) 553-0333, or e-mail us at [asd@azauditor.gov](mailto:asd@azauditor.gov).

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