

April 29, 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) - Spring monies.

Background and Allocations

Schools were required to complete a grant application by 4/20/10 in order to receive the SFSF-Spring monies. ADE Grants Management and the Governor's Office of Economic Recovery (OER) e-mail dated 4/14/10 provides the background and allocations related to the SFSF-Spring monies.

Recording Revenues and Expenses

Schools should follow the same guidance for recording and expending these SFSF-Spring monies as was provided by our Office last fall for the first SFSF payment. Please refer to our e-mail dated 10/1/09 (Guidance on Accounting for ARRA State Fiscal Stabilization Fund Monies—Charter Schools) or click on the link (http://www.azauditor.gov/Reports/Charter_Schools/ASD/PDF/ARRA_SFSF-State_Aid-CS.pdf) to view the e-mail. Schools should use the same object code for revenues and the same program codes for recording expenses related to the SFSF-Spring monies.

Cash Management and Reporting

Per the guidelines established by the OER, the 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.

Cash management reports already completed by schools for the Phase I SFSF monies received last fall indicate that these monies have been spent. As a result, schools should be able to identify recent/new expenses recorded with the SFSF program codes as SFSF-Spring expenses when the cash management reports are completed in May. If you have questions regarding Cash Management Reports due in May and the Completion Reports and ARRA recipient reporting in July, please contact ADE Grants Management Office at 602-542-3695 or grants@azed.gov.

Revisions to FY 2010 Budget Forms

Since the SFSF-Spring monies will be received in May 2010 and will be available to spend in FY 2010, schools should revise their FY 2010 annual budget-State Fiscal Stabilization Fund supplement page to include these SFSF expenses.

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, 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 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.

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.

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