

OFFICE OF TENNESSEE

RECOVERY ACT MANAGEMENT

Fiscal Requirements
May 12th & May 14th



www.TNRecovery.gov



“I am proud of Tennessee's reputation for good government, and I want and expect us to be a model for other states in how we handle Recovery Act money sensibly – turning square corners, and with every nook and cranny of what we do and what we spend well-lighted and visible to the public.”

– Governor Phil Bredesen

Office of Tennessee Recovery Act Management (TRAM)

- Who is TRAM?
 - The Office of Tennessee Recovery Act Management.
 - Manage all aspects of the American Recovery and Reinvestment Act of 2009 for Tennessee Government.
- What is TRAM requiring?
 - 12 Directives

TRAM Directives

- All LEAs must designate a senior accountable official for Recovery Act activities.
- All LEAs must account for ARRA funds separately from other revenues and expenditures.
- All LEAs must follow internal control guidance prescribed by the State of Tennessee Comptroller of the Treasury, Division of Municipal Audit and Division of County Audit.
- Ensure programs are carried out expeditiously, in an effective and efficient manner.
- Action Plan?

TRAM Directives

- All LEAs are responsible for establishing an appropriate internal control environment, including approvals, adjustments, recordkeeping, reconciliations, segregation of duties, and supervision.
- All local governments are required to adopt a risk assessment process for all ARRA grants.
- The risk assessment must address meeting program requirements and objectives.

<http://www.tn.gov/comptroller/shared/arra.htm>

Which Programs are Affected?

| | |
|--------------------------------|---------------|
| • Title I A Formula | \$194,074,879 |
| • Title I A School Improvement | \$57,510,315 |
| • Title II D Formula | \$6,144,912 |
| • Title II D Competitive | \$6,144,912 |
| • Title X Homeless | \$1,011,156 |
| • IDEA Part B | \$229,613,418 |
| • IDEA Preschool | \$7,345,943 |
| • Food Service Equipment | \$2,275,738 |

Sub Funds for ARRA

- Title I A Formula 10S
- Title I A School Improvement 11S
- Title II D Formula 23S
- Title II D Competitive 21S
- Title X Homeless 70S
- IDEA Part B 90S
- IDEA Preschool 91S

LEA Reporting Requirements

- LEAs will report quarterly expenditures of each of the ARRA sub funds on eReporting.
- LEAs will have 5 days at the close of the quarter to report expenditures for that quarter.

Quarter Dates and Deadlines

- Expenditures will be the only thing reported in the quarterly reports, revenue is not required to be reported.
- There will not be a quarterly report for 2008 – 2009, any ARRA expenditures during 2008 – 2009 will be captured through eReporting via the Annual Financial Report.

2009 – 2010 Quarter Dates and Deadlines

| | |
|--------------------------|-------------------------|
| Quarter 1 (July – Sept) | October 7 th |
| Quarter 2 (Oct – Dec) | January 8 th |
| Quarter 3 (Jan – March) | April 8 th |
| Quarter 4 (April – June) | July 8 th |

2010 – 2011 Quarter Dates and Deadlines

If necessary...

Quarter 1 (July – Sept)

October 7th

Quarter 2 (Oct – Dec)

January 7th

Quarter 3 (Jan – March)

April 7th

Quarter 4 (April – June)

July 8th

2011 – 2012 Quarter Dates and Deadlines

If necessary...

Quarter 1 (July – Sept)

October 7th

Quarter 2 (Oct – Dec)

January 6th

eReporting

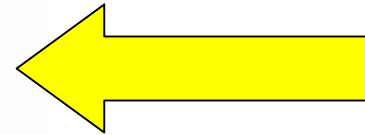
- The quarterly reports will be done via eReporting.
- LEAs will report the YTD total each quarter.
- The file upload option in eReporting will be available.
- Please contact your fiscal consultant for technical assistance with eReporting.

eReporting



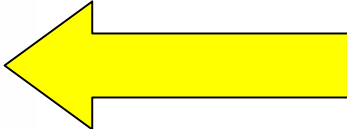




- Title I Part A, Title II Part D, Title X Part C, IDEA Part B, & IDEA Preschool expenditures will be reported in the AFR Detail report.
- The IDEA MOE Reduction expenditures will be reported in the IDEA MOE Reduction--ARRA report.

eReporting AFR Detail

| Report | View | Edit |
|--|---|---|
| 3% Fund Balance Test |  |  |
| AFR (Annual Financial Report) Detail |  |  |
| AFR Expenditures by Other Agencies |  |  |
| AFR Expenditures for School Indebtedness |  |  |
| AFR Non-Centralized Cafeteria Expenditures |  |  |



eReporting IDEA MOE Reduction--ARRA

| | | | |
|-----------------------------|--|---|---|
| IDEA MOE Reduction--ARRA |  |  |  |
| Maintenance of Effort Test |  |  | |
| Trustee/Fiscal Agent Report |  |  | |

Contact [eReporting Administrator](#) for problems with this page

IDEA MOE Reduction--ARRA

- LEAs will need to track the shift of General Purpose expenditure (Special GP to Other GP).
- These expenditures will also be tracked quarterly in eReporting.
- LEAs will report YTD total each quarter.

eReporting

- After each quarterly reporting cycle, the Office of Local Finance will zero out all amounts in eReporting and LEAs will report their new YTD expenditure totals in the next quarterly report.

Indirect Cost

- Increase in Indirect Cost taken can mean decreases to your rate in the future.
- Bigger base = smaller rate.
- Windfall to LEA?
- The use of prior year cost are not appropriate.
- Understated base = overstated rate.
- Interest free loan for 2 years?

Indirect Cost

- Revisit calculated rate for 09-10.
- Office of Local Finance will review the impact of ARRA on LEAs.
- Adjust direct base for fixed or estimated year to reflect accurate funding projection.
- Smooth rate out.

Budget Cuts & Restorations

| <u>Program</u> | <u>Recurring Cut</u> | <u>Non-Recurring (ARRA) Restoration</u> |
|-------------------------|----------------------|---|
| • Career Ladder | • \$4,569,400 | • \$0 |
| • Extended Contracts | • \$24,206,000 | • \$20,000,000 |
| • TEIS | • \$1,485,500 | • \$0 |
| • Touching Lives Cd. | • \$120,000 | • \$0 |
| • Textbook Commission | • \$6,000 | • \$0 |
| • CSH | • \$15,604,600 | • \$15,422,500 |
| • Drop-Out Prevention | • \$57,000 | • \$0 |
| • Urban Compliance | • \$90,000 | • \$0 |
| • Internet Connectivity | • \$3,063,000 | • \$3,063,000 |
| • Little TN Valley | • \$47,700 | • \$47,700 |
| • Public TV | • \$2,786,800 | • \$2,786,800 |

Budget Cuts & Restorations

| <u>Program</u> | <u>Recurring Cut</u> | <u>Non-Recurring (ARRA) Restoration</u> |
|-----------------------|-----------------------|---|
| • Science Museums | • \$750,000 | • \$750,000 |
| • Holocaust Com. | • \$128,300 | • \$128,300 |
| • Arts Academy | • \$150,000 | • \$150,000 |
| • CEO Supplements | • \$160,800 | • \$0 |
| • 120 Day Contracts | • \$343,900 | • \$0 |
| • Professional Dev. | • \$582,000 | • \$582,000 |
| • Exemplary Ed. | • \$6,500,000 | • \$4,500,000 |
| • SSMS | • \$1,700,000 | • \$2,700,000 |
| • Family Resource Ct. | • \$3,463,200 | • \$3,463,200 |
| • Safe Schools | • \$3,092,800 | • \$3,092,800 |
| • Total | • \$68,907,000 | • \$56,686,300 |

MOE & 3% Fund Balance

- Maintenance of Effort (MOE) will be in affect.
- MOE test is budget to amended budget on front end, and amended budget to actual on back end.
- The 3% Fund Balance Test will be in affect.

Differentiated Pay Plans

- The Office of Local Finance has Differentiated Pay Plans on file.
- The plan we have on file will remain the current plan.
- If LEA's plan changes please send a copy of the new plan to the Office of Local Finance.

Principal Budgeting

- TCA § 49-2-303(b)(9) provides
- (b) It is the duty of the principal to:
- (9) Prepare, annually, a budget request for the school under the principal's care and submit the budget request to the director of schools...

Questions???

