

MEMORANDUM

TO: District Superintendents, Special Education Directors, Federal Program Directors
and Oklahoma Cost Accounting Directors

FROM: Lu Norman, Executive Director, Financial Accounting

DATE: June 5, 2009

SUBJECT: Interest Earned on ARRA Federal Funds
American Recovery and Reinvestment Act (ARRA) Federal Funds

According to 34CFR Subtitle A (7-0-03 Edition) EDGAR Section § 80.21 (i) Authority: 20 U.S.C. 3474 OMB Circular A-102, grants and subgrantees shall promptly, but at least quarterly, remit interest earned on advances to the federal agency. The grantee or subgrantee may keep interest amounts up to \$100 per year for administrative services.

Schools have the option of placing ARRA federal funds in a non-interest-bearing account. If the district has an interest-bearing account, the district must remit the interest to the Oklahoma State Department of Education, as described below.

If the district's ARRA funds (including, but not limited to, Title I Part A and IDEA, Part B) are in an interest-bearing account, the district will need to calculate the interest earned quarterly. This must be well documented. Calculate the earned interest for all funds based on a percent of funds invested. A school will use the same ratio used to calculate the sinking fund interest earned from the general fund.

The first \$100 received in interest earned per year may be retained by the district for administrative purposes. Every three months (quarterly), beginning with the date the money began earning interest, the interest earned must be calculated only on the amount of ARRA federal dollars. Districts must issue a warrant payable to the Oklahoma State Department of Education (OSDE). The warrant shall identify the specific program that has earned interest.

The warrant shall be mailed to:

Oklahoma State Department of Education
Fiscal Services, Suite 112
Attention: Vonna Anderson, Administrator, Federal Accounting and Reporting
2500 North Lincoln Boulevard
Oklahoma City, Oklahoma 73105-4599
(405) 521-3349
<Vonna_Anderson@sde.state.ok.us>

For documentation purposes, the district does not utilize a “correcting entry” function. Under the daily practice of doing business, a school would perform a “correcting entry” through the refund or rebate account because it is received in the same fiscal year as the original expenditure. However, we require detailed documentation on the return of all interest earned. Therefore, please use the correct function/object and source of revenue codes for tracking. The Oklahoma State Department of Education will return the money to United States Department Education by check in order to have an audit trail.

Districts shall record the revenue and expenditures according to the Oklahoma Cost Accounting System (OCAS) as follows:

Revenue Example: 11-xxx--1310-050 +\$35.
(xxx = project reporting code 516 for Title I, Part A and project reporting code 622 for IDEA, Part B)

Expenditure Example: 11-xxx-8100-930-000-0000-050 -\$35.
(xxx = project reporting code for Title I, Part A, is 516 and project reporting code for IDEA, Part B is 622)

If you have any questions concerning the submission of the expenditure reports, please contact Lu Norman, Executive Director, Financial Accounting, at (405) 521-2517, or Vonna Anderson, Administrator, Federal Accounting and Reporting, at (405) 521-3349.

dk

cc: State Superintendent Sandy Garrett
School Board Presidents
Independent School Auditors
Regional Accreditation Officers