

MEMORANDUM

FOR: Auditors Completing A-133 Audits

FROM: Tim Imler, Division Administrator
Funding and Disbursement Services

DATE: September 6, 2006

RE: FY 2006 Audit Information
Federal IDEA Special Education Room and Board Revenues
Received in FY 2006 (ISBE Program Code 4625 EC)

As allowed per Section 14-7.02b of *The School Code*, the 2004-05 Special Education Excess Cost payment was calculated and vouchered on August 23, 2005 from unused Federal Room and Board funds and paid to all districts that had eligible students. The deposit was identified as fiscal year (FY) 2004, Revenue Code 4625 (Fed. Special Ed. – IDEA – Room and Board), sub-project code EC, and then your Region-County-District-Type code.

These funds, as allowed under Federal guidelines, were used to reimburse organizations for excess costs claims for special education students. These costs were incurred during the 2004-05 school year (FY 2005), and the funds were paid out in the 2005-06 school year (FY 2006). For this reason, some districts that do not participate in the Room and Board program will appear to have received Federal money from the program.

This has raised some questions regarding how to show these revenues and expenditures in the Schedule of Expenditures of Federal Awards (SEFA) in the A-133 Single Audit for those districts that must submit a Single Audit with their Annual Financial Report (AFR).

Determining Amounts Received

To verify if your organization received reimbursements under the Excess Cost provisions, use the Financial Reimbursement Inquiry System (FRIS) that is available on the ISBE web site (www.isbe.net). Select “**Funding & Disbursements**” from the left menu; then select “**FRIS Inquiry**” from the right menu on the Funding and Disbursements page.

It is not necessary to change the current default project year for this particular FRIS report because a date range will be specified on a later screen. Enter your Region-County-District-Type (RCDT) code, without hyphens, where indicated. Select the “**Project Based**” option under **Reports**.

Select the FRISWeb 0053 Report, “**Summary of Payments.**” Enter the date range for which you need information (for example, from 07/01/2005 to 06/30/2006). Make sure the indicator is marked for “Recipient” under the ending date.

This report will list all the funding received by your organization from ISBE for the given time period, regardless of the project year from which the funds originally came. If your organization received reimbursements under the Excess Cost provisions, the amounts will be indicated under Program 2004-4625, with a Project Code of 2004-4625-EC followed by your RCDT code.

Reporting Expenditures on the SEFA

If your organization is required to complete a Single Audit under OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, you must include the revenues and expenditures from this program on the Schedule of Expenditures of Federal Awards (SEFA). Some confusion may arise as to how to show the program information on the SEFA, since the program source is an FY 2004 program, expenditures were incurred in FY 2005, and revenues were received in FY 2006.

The SEFA template included by ISBE in the Annual Financial Report (AFR) workbook is set up to address such instances. If your organization is preparing the SEFA on a cash basis, then revenues will be recorded in the 07/01/2005 – 06/30/2006 period (or in FY 2006), while expenditures will be recorded in the 07/01/2004 – 06/30/2005 period (FY 2005). If your organization is preparing the SEFA on an accrual basis, then both revenues and expenditures would be recorded in the 07/01/04-06/30/05 (FY 2005) period. The table would look similar to that presented below.

For future reference, please note that the 2005-06 Special Education Excess Cost payment was calculated and vouchered August 18, 2006 from FY 2005 unused Federal Room and Board funds and paid to all districts that had eligible students. The deposit was identified as fiscal year (FY) 2005, Revenue Code 4625 (Fed. Special Ed. – IDEA – Room and Board), sub-project code EC, and then your Region-County-District-Type code. Accordingly, these receipts and expenditures should be included in the 2006-07 (FY 2007) SEFA (and the FY 2006 SEFA, depending on the basis of accounting used for the SEFA).

If you have questions regarding the Special Education Excess Cost payment, please contact Jodi Whitlow at (217) 782-5256 or by e-mail at jwhitlow@isbe.net.

If you have questions regarding the A-133 Single Audit or its components, please contact Kimberly Beachy, CPA or Larry Smith at (217) 782-5256, or by e-mail at the following: kbeachy@isbe.net or ismith@isbe.net.

Thank you for your cooperation.

