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**Subject:** FW: Memo 11-023 Questions and Answers  
**Date:** Friday, September 24, 2010 5:48:45 PM

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**Subject:** Memo 11-023 Questions and Answers

## **Memo 11-023 Questions and Answers**

In our efforts to clarify and answer many of the questions that were raised to School Finance related to our memo 11-023 dated 09/21/2010 Secured payment payback, we have put together the following questions and answers.

**Q: What is and who calculates the Additional State Aid?**

**A:** *Additional State Aid (known as Secured payment) is calculated by the Arizona Department of Revenue to subsidize a portion of the property taxes that would have otherwise been paid by the taxpayer (homeowners rebate and 1 percentage constitutional cap).*

**Q: How did School Finance calculate the amount to be paid in October in lieu of the unpaid amount last May?**

**A:** *Last May each district's portion of the additional state aid as shown on page 2 of the APOR64 was partially funded by the ARRA monies which were funded through the grant management system. The balance that was not paid last May should have been funded by general fund monies from the state, however due to the state's cash shortfall, this amount was withheld. The department was able to secure about 73% of the shortfall from other FY2010 appropriations, and accordingly will disburse to each district 73% of the withheld amount on October 15, 2010. The remaining balance originally shown as due to districts of about 27% will not be funded.*

**Q: Will any changes be made to the FY2010 APOR64?**

**A:** *We will be adjusting the FY2010 APOR64 to reflect the actual additional state aid payment that will be made on October 15, 2010 and explain this transaction with a note on page 4 of the FY2010 APOR.*

**Q: Do I need to reduce my Budget Capacity?**

**A:** *No, this is a cash transaction only and it will not affect your budget capacity.*

**Q: Are these monies considered FY2010 or FY2011 revenues?**

**A:** *After consultations with the Auditor General, we all agreed that these monies shall be recorded as FY2011 revenues. This decision was based on the revenue recognition rules that districts are required to follow in accounting for governmental funds.*

**Q: Should this revenue be included in the FY2010 AFR?**

**A:** *No, however this amount should be provided to the auditors of those districts who receive audits because the auditors will need to record this transaction as revenue and as an amount "due from governmental entities" when they prepare the government-Wide Financial Statements as part of the FY2010 Comprehensive Annual Financial Report (CAFR) for each district.*

Thank you

Yousef Awwad,

Director of School Finance/ ADE