

American Recovery and Reinvestment Act (ARRA)
Effect on the Chart of Accounts

ARRA grant funds should be tracked separately from other revenues to ensure compliance with provisions of the American Recovery and Reinvestment Act (ARRA). Accordingly, the Office of the Tennessee Recovery Act Management's (TRAM) Directive No. 2 states, "All recipients and sub-recipients of ARRA funds are required to ensure that all ARRA funds are separate from non-ARRA funds in financial and reporting systems to include sub-systems." ARRA funds are supposed to have an identifier **tag** so that ARRA funds will not be confused with other federal funding sources.

Schools:

School Departments should use the School Federal Projects Fund (Fund 142) to Account for most ARRA grant transactions. Schools should also utilize the sub-function codes provided by the Tennessee Department of Education within the School Federal Projects Fund. Schools that receive USDA grants should keep cash grants and commodity grants separate from other grants as directed by the Tennessee Department of Education.

Governments using Local Government Data Processing:

Municipal Audit has contacted LGDP and asked to have the chart of accounts modified to address this issue. LGDP is in the process of updating their chart of accounts.

Governments NOT using LGDP and Nonprofit organizations:

Each entity receiving ARRA funds either directly or through the State of Tennessee must modify their chart of accounts to include separate accounts for all activity related to ARRA funds. The activity for ARRA funds should be separately accounted for and separate reports should be able to be extracted from the accounting records for all revenues, expenses, expenditures, etc.

EXAMPLE ACCOUNTS AND CODES

These are examples only. Agencies should develop the account structure that fits with their system and complies with ARRA requirements.

Federal Government

Federal Through State -

- 47301 – ARRA Grant #1
- 47302 – ARRA Grant #2
- 47303 – ARRA Grant #3
- 47304 – ARRA Grant #4
- 47305 – ARRA Grant #5

Direct Federal Revenue -

47801 – ARRA Grant #6
47802 – ARRA Grant #7
47803 – ARRA Grant #8
47804 – ARRA Grant #9
47805 – ARRA Grant #10

EXPENDITURES/EXPENSES

Expenditure/Expense Categories by Function

Other Operations –

58801 – ARRA Grant #1
58802 – ARRA Grant #2
58803 – ARRA Grant #3
58804 – ARRA Grant #4
58805 – ARRA Grant #5
58806 – ARRA Grant #6
58807 – ARRA Grant #7
58808 – ARRA Grant #8
58809 – ARRA Grant #9
58810 – ARRA Grant #10

RESERVES

Other Reserves –

34471 – ARRA Grant #1
34472 – ARRA Grant #2
34473 – ARRA Grant #3
34474 – ARRA Grant #4
34475 – ARRA Grant #5
34476 – ARRA Grant #6
34477 – ARRA Grant #7
34478 – ARRA Grant #8
34479 – ARRA Grant #9
34480 – ARRA Grant #10