



# Accounting for Perkins Funds: Consortia

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Division of  
Community Colleges

Bureau of  
Career and  
Technical Education

Division of  
School Finance and  
Support Services

Bureau of  
Finance, Facilities,  
Operation, and  
Transportation

**T**he purpose of this guidance document is provide clarification/direction for accounting for Perkins consortium funds.

**M**embers of a Perkins consortium should define the roles and responsibilities of the consortium's fiscal agent and the receiving/member districts, including who will be involved with the grant from each district. Determining the consortium's expenditures is not the duty of the designated fiscal agent - all members of the consortium must have input regarding the Perkins expenditures for the benefit the consortium as a whole. Communication between each district's grant point person, their respective business office, and the fiscal agent needs to be ongoing.

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## Fiscal Agent

A fiscal agent is an entity which has been empowered to handle fiscal matters for another entity, including disbursement or passing through of funds. For purposes of the Perkins grant, the fiscal agent may be any of the following:

- ◆ Public School District/Local Education Agency (LEA)
- ◆ Area Education Agency (AEA)
- ◆ Community College

Serving as fiscal agent does not equate to being a grant recipient. In regard to Perkins, the consortium of districts is the grant recipient. Also, the fiscal agent is an entity, not a person.

## The fiscal agent has the following responsibilities :

- ◆ Receive Perkins grant funds from the Iowa Department of Education (Department) on behalf of the consortium.
- ◆ Reimburse member districts for approved expenditures once funds from the Department are received.
- ◆ Maintain consortium fiscal records (fund accounting).
- ◆ Provide information to consortium member districts.

**The fiscal agent should establish an Agency Fund to account for the consortium's Perkins funds.**

**Perkins is a reimbursement-based grant. All receipts should be received before any reimbursements are paid to the consortium's member districts.**



**A fiscal agent can help guide discussion on Perkins expenditures, but cannot make the final decision.**

## Accounting—GAAP

Since a fiscal agent is handling funds on **behalf of a consortium**, it cannot do so through a governmental fund (e.g., General Fund); it must do so through a fiduciary fund (e.g., Agency Fund). Generally Accepted Accounting Practices (GAAP) defines the purpose of an Agency Fund as one used to account for resources held in a purely custodial capacity for other governments, private organizations, or individuals.

## Governmental Accounting Standards Board (GASB) Statement 24

GASB 24, Paragraph 5 (June 1994) notes governmental entities often receive grants and other financial assistance to transfer to or spend on behalf of a secondary recipient. These amounts are referred to as pass-through grants. All cash pass-through grants received by a governmental entity (referred to as a recipient government) should be reported in its financial statements. As a general rule, cash pass-through grants should be recognized as revenue and expenditures or expense in a governmental, proprietary, or fiduciary fund. **In those infrequent cases in which a recipient government serves only as a cash conduit, the grant should be reported in an agency fund. A recipient government serves only as a cash conduit if it merely transmits grantor-supplied moneys without having administrative or direct financial involvement in the program.**

The language emphasized above applies to the Perkins grant. It is important to remember that the fiscal agent itself is not the grant recipient; it has no administrative or direct financial involvement. GASB 24 provides the following guidelines regarding this type of involvement. A recipient government has administrative involvement if, for example, it:

- (a) monitors secondary recipients for compliance with program-specific requirements (**the Department does the monitoring**);
- (b) determines eligible secondary recipients or projects, even if using grantor-established criteria, (**the consortium makes these decisions**); or
- (c) has the ability to exercise discretion in how the funds are allocated (**the consortium makes these decisions**).

A recipient government has direct financial involvement if, for example, it finances some direct program costs because of a grantor-imposed matching requirement or is liable for disallowed costs. Neither of these situations should occur for a Perkins fiscal agent.

## Account Dimensions: General Format

The Department's Uniform Financial Accounting Manual and the Iowa Chart of Account Coding provide the guidelines for coding of revenues and expenditures.

Revenues and other fund sources follow the following format:

- ◆ Fund-facility-program-project-source  
xx-xxx-xxx-xxxx-xxxx

Expenditures and other fund uses:

- ◆ Fund-facility-function-program-project-object  
xx-xxxx-xxxx-xxx-xxxx-xxx

These dimensions are used in the examples within this document; however, since there are multiple entities serving as fiscal agents (LEA, AEA, community college), some content may need to be adapted based on the situation.

## Accounting for Perkins Funds: Consortia

### Fiscal Agent—Recommended Practices

- ◆ Establish an Agency Fund (9x) to account for the consortium's activity. Agency funds include balance sheet accounts, additions (revenues) and deletions (expenditures) (note Agency Funds additions and deletions are not uploaded to the LEA or AEA Certified Annual Report (CAR)). Balance sheet accounts include cash (9x-xxxx-300-xxxx-10x), intergovernmental receivables (9x-xxxx-300-xxxx-141) or interfund receivables (9x-xxxx-300-xxxx-132), and intergovernmental payables (9x-xxxx-300-xxxx-41x) or interfund payables (9x-xxxx-300-xxxx-402).
- ◆ Record reimbursement from the Department (Perkins grant funds) **as Program 300, Project 4531, Source 4531** (e.g., 9x-xxxx-300-4531-4531). Program 300 refers to Vocational (Career) and Technical Programs, while Project and Source 4531 both refer to Vocational (Career and Technical) Education—Basic Grants to States (Title I, Part C)(CFDA 84.048)
- ◆ Record reimbursements (expenditures) to the member districts as **Program 300, Project 4531** (do not use Project 4530), with the appropriate Function and Object based on the type of expenditure. It is suggested the fiscal agent also use the facility code (district number) to account for each member district. This is recommended to provide an easier way to reconcile with the member district (e.g., 9x-xxxx-xxxx-300-4531-xxx).
- ◆ **Do not reimburse member districts until the corresponding funds have been received from the Department. All payments should be made from the Agency Fund, not the fiscal agent's General Fund.**

### Member District—Recommended Practices

- ◆ Account for expenditures and any reimbursement for these expenditures in the district's General Fund (10).
- ◆ Record expenditures as Program 300, Project 4531, with the appropriate Function and Object. For example, if the district purchased a CAD program, the coding would be as follows: 10-xxxx-1000-300-4531-652). Function 1000 refers to Instruction and Object 652 references Technology-Related Software.
- ◆ Provide the above mentioned detail when submitting documentation to the fiscal agent to request reimbursement. Districts can also use detail 3xx program numbers.
- ◆ Record reimbursement received from the fiscal agent as Program 300, Project 4531, Source 4531 (e.g., 10-xxxx-300-4531-4531).
- ◆ The practices above also apply when a member district also serves as its consortium's fiscal agent.

### Fiscal Agent That Provides Additional Services—Recommended Practices

Through agreement of the member districts comprising a consortium, the fiscal agent (such as an AEA) may occasionally provide additional services such as: coordinating grant activities, providing professional development, organizing advisory committee meetings, and so forth. Accounting for these types of situations require a few more steps.

- ◆ Since these services are provided for the member districts, the member districts must account for the associated cost; however, this will be in-substance expenditure and revenue (i.e., no actual dollars). The costs will either be divided equally among all member districts or divided proportionally as determined by the consortium members. The specific expenditure (and revenue) amounts must be communicated to the member districts to record.
- ◆ Within its Agency Fund, the fiscal agent will record the revenues, expenditures, receivables and payables on a per district basis (as determined above), but reimburse the entity providing the service (itself, for example). Coding would be entered as appropriate for the type of expenditure.
- ◆ The entity providing the service will record the amount into its General Fund as Source 1958 (Sale of Service) rather than reimbursement.

## Fiscal Agent that Provides Additional Services—Example

Members of a five-district consortium, whose fiscal agent is an AEA, determine they would like an employee of the AEA to coordinate/deliver professional development for the consortium's Career and Technical Education instructors at an agreed-upon cost of \$1,000. The members agree the cost will be divided equally among the five districts.

- ◆ The fiscal agent communicates the associated cost/revenue to each member district (\$200).
- ◆ Each member district records the expenditure and revenue to its General Fund (reminder: this is in-substance; no dollars are exchanged). Function 2213 references Instructional Staff Training; Object 594 is Services Purchased from an AEA Within the State.
  - ◇ Expenditure: 10-xxxx-2213-300-4531-594 (\$200)
  - ◇ Revenue: 10-xxxx-300-4531-4531 (\$200) (Perkins Funds)

*Note: The fiscal agent should verify each member district has completed the above entries.*

- ◆ The AEA, as fiscal agent, records the expenditures to the Agency Fund on a per district basis (using the facility code as suggested), as well as the associated reimbursement once received from the Department.
  - ◇ Revenue: 9x-xxxx-300-4531-4531 (\$1,000)
  - ◇ Expenditure: 9x-xxxx-2213-300-4531-594 (\$200)
    - \*record each district separately; however, the dollars will not actually transfer to the districts
- ◆ To account for providing the professional development, the AEA records revenue to its General Fund as Source 1958 (Sale of Service).
  - ◇ Revenue: 10-xxxx-300-8531-1958 (\$1,000)

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## Fiscal Contacts

### Account Coding

Janice Evans, Consultant  
Finance, Facilities, Operation, and Transportation Services  
janice.evans@iowa.gov  
515.281.4740

### General

Thomas Cooley, Bureau Chief  
Finance, Facilities, Operation, and Transportation Services  
tom.cooley@iowa.gov  
515.725.1120

**BUREAU OF CAREER  
AND TECHNICAL  
EDUCATION**

Grimes State Office Building  
400 E. 14th Street  
Des Moines, IA 50319-0146

Pradeep Kotamraju  
Bureau Chief  
Phone: 515-281-4716  
pradeep.kotamraju@iowa.gov

Pat Thieben  
Administrative Consultant  
515-281-4707  
pat.thieben@iowa.gov

**IOWA DEPARTMENT OF EDUCATION**

Ryan Wise, Director

**DIVISION OF COMMUNITY COLLEGES**

Jeremy Varner, Division Administrator

**BUREAU OF CAREER AND TECHNICAL  
EDUCATION**

Pradeep Kotamraju, Bureau Chief  
Pat Thieben, Administrative Consultant  
Kelli Diemer, Consultant  
Dale Gruis, Consultant  
Lisa Stange Consultant  
Jeanette Thomas, Consultant  
Zoë Thornton, Consultant  
Fidelis Ubadigbo, Consultant  
Amy Vybiral, Consultant  
Andrew Wermes, Consultant

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