



Accounting for Perkins Funds: Consortia

The purpose of this guidance document is to provide clarification and direction for accounting for Perkins consortium funds.

Members of a Perkins consortium should define the roles and responsibilities of the consortium's fiscal agent and the school districts that will receive funds, including who will be the Perkins contact from each district. Determining the consortium's expenditures is not the duty of the designated fiscal agent. All school districts that are members of the consortium must have input regarding the Perkins expenditures for the mutual benefit of the consortium. Communication between each school district's Perkins contact, their respective business office and the fiscal agent needs to be ongoing.

Fiscal Agent

A fiscal agent is an entity which has been empowered to handle fiscal matters for another entity, in this case, a consortium of school districts. These fiscal matters include the disbursement of funds. The Perkins contacts select a fiscal agent which may be any of the following:

- ◆ Public school district
- ◆ Area Education Agency (AEA)
- ◆ Community College

Although a school district that is part of a consortium may also serve as the fiscal agent, serving as the fiscal agent does not equate to being a grant recipient. The consortium of school districts is the grant recipient. 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 (the Department) on behalf of the consortium.
- ◆ Reimburse member school districts for approved expenditures once funds from the Department are received.
- ◆ Maintain consortium fiscal records (fund accounting).
- ◆ Provide information to consortium member districts.

Accounting—Generally Accepted Accounting Practices (GAAP)

Since a fiscal agent is handling funds on **behalf of a consortium**, it cannot do so through through a governmental fund (e.g., General Fund); it must do so through a fiduciary fund (e.g., Custodial Fund). Generally Accepted Accounting Practices (GAAP) define the purpose of a Custodial Fund as one 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), as amended by GASB 84, Paragraph 18 (2017), 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 expenses in a governmental, or proprietary, fund. ***In those infrequent cases in which a recipient government serves only as a cash conduit, the grant should be reported in a custodial fund. A recipient government serves***

only as a cash conduit if it merely transmits grantor-supplied moneys without having administrative or direct 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 does not have 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 the grantor-imposed matching requirement or it is liable for disallowed costs. Neither of these situations should occur for a Perkins fiscal agent.

Accounting Dimensions: General Format

The Department's [Uniform Financial Accounting Manual](#) and the [Iowa Chart of Accounting Coding](#) provide the guidelines for coding of revenues and expenditures.

Revenues and other financing sources follow the format below:

- ◆ Fund-facility-program-project-source:

xx-xxxx-xxx-xxxx-xxxx

Expenditures and other financing 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.

Fiscal Agent—Recommended Practices

- ◆ Establish a custodial fund (9x) to account for the consortium's activity. Custodial funds include balance sheet accounts, additions (revenues) and deductions (expenditures), which are uploaded to the LEA or AEA Certified Annual Report (CAR). Balance sheet accounts include, but are not limited to, cash (9x-xxxx-300-xxxx-10x), intergovernmental accounts receivable (9x-xxxx-3xx-xxxx-141), interfund accounts receivables (9x-xxxx-300-xxxx-132), intergovernmental payables (9x-xxxx-300-xxxx-41x), interfund accounts payable (9x-xxxx-300-xxxx-402), Accounts Payable (9x-xxxx-300-xxxx-421) and Restricted Net Position (9x-xxxx-300-xxxx-770).
- ◆ 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 that 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 Custodial 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 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 an 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. These additional items should also be included in the agreement for the predetermined additional services.
- ◆ Within its Custodial Fund, the fiscal agent will record the additions (revenues), deductions (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 if they would like an employee of the AEA to coordinate/deliver professional development for the consortium’s Career and Technical Education (CTE) instructors at an agreed upon cost of \$1,000. The members must agree that 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 (\$200) (Perkins Funds)

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

- ◆ The AEA, as fiscal agent, records the deductions (expenditures) to the Custodial Fund on a per-district basis (using the facility code as suggested), as well as the associated reimbursement once received from the Department.
 - ◇ Addition (Revenue): 9x-xxxx-300-4531-4531 (\$1,000)
 - ◇ Deduction (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)

Fiscal Contacts

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