

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 receiving member school districts, 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 member school districts 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 appointed to handle fiscal matters for another entity, in this case, a consortium of school districts. This includes the disbursement of funds. The Perkins contacts identify a fiscal agent, which is limited to the entities below.

- 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 fiscal agent does not equate to being a grant recipient. The consortium of school districts is the grant recipient.

The fiscal agent has the following responsibilities:

- Collect documentation from member districts in order to submit claims.
- 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 Principles (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., Custodial Fund). Generally Accepted Accounting Principles (GAAP) defines 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 monies 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 has no administrative or direct financial involvement.

Accounting Dimensions: General Format

The [Iowa Chart of Account Coding](#) document provides the guidelines for coding 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 follow the format below.

- 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 (e.g., school district, AEA, community college), some content may need to be adapted based on the situation.

Recommended Practices: Fiscal Agent

- Establish a Custodial Fund (9X) to account for the consortium's member districts' transaction activity.
 - Custodial funds include:
 - Balance sheet accounts, additions (revenues), and deductions (expenditures)
 - Balance sheet accounts include, but are not limited to the items below.
 - Cash (9X-XXXX-300-XXXX-10X)

- Intergovernmental accounts receivable (9X-XXXX-300-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)
 - Restricted net position (9X-XXXX-300-XXXX-770)
- Record reimbursement from the Department (Perkins grant funds) for the member districts in Fund 9X, Program 300, Project 4531, Source 4531 (e.g., 9X-XXXX-300-4531-4531).
- Record expenditures (e.g., reimbursements to member districts) in Fund 9X, Program 300, Project 4531, with the appropriate function and object codes based on the type of expenditure.
 - Best Practice: The fiscal agent will include the facility code in each transaction to provide a simple and accurate way to reconcile with the member district. The facility code is defined as the district number of the member district receiving the payment.
- Do not reimburse member districts until the corresponding funds have been received from the Department.
- All reimbursement payments should be made from the Custodial Fund.

Recommended Practices: Member District

- Account for expenditures and any reimbursement for these expenditures in the district's General Fund (10).
 - Record expenditures in Fund 10, 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
 - Provide the above-mentioned detail when submitting documentation to the fiscal agent to request reimbursement.
- Record reimbursement revenue received from the fiscal agent in Fund 10, Program 300, Project 4531, Source 4531 (e.g., 10-XXXX-300-4531-4531).

The member district practices above also apply when a member district serves as its consortium's fiscal agent. Only the district's revenues and expenditures are recorded in the General Fund.

Recommended Practices: Fiscal Agent That Provides Additional Services

Through agreement of the member districts comprising a consortium, the fiscal agent may occasionally provide additional services such as: coordinating grant activities, providing professional development, organizing committee meetings, and more. Accounting for these types of situations requires the steps below.

- The member districts will account for the associated cost in the General Fund. As an in-substance expenditure and revenue, no actual dollars will be spent or received. 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 the Custodial Fund, the fiscal agent will record the additions (revenues), deductions (expenditures), receivables, and payables on a per district basis (as determined above), and reimburse the entity providing the service.
- The entity providing the service will record the amount into its General Fund as Source 1958, Sale of Service.

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 (CTE) 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 as \$200.
- Each member district records the expenditure and revenue to its General Fund (reminder: this is in-substance; no dollars are exchanged).
 - 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 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):
 - Record each district separately; however, the dollars will not actually transfer to the districts.
 - 9X-1234-2213-300-4531-594 (\$200)
 - 9X-2345-2213-300-4531-594 (\$200)
 - 9X-3456-2213-300-4531-594 (\$200)
 - 9X-4567-2213-300-4531-594 (\$200)
 - 9X-5678-2213-300-4531-594 (\$200)
- 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)

Questions

Questions regarding Perkins funding allocations or allowable uses may be directed to Amy Vybiral at amy.vybiral@iowa.gov or 515-339-4520.

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