

# Accounting for Regional Secondary Career and Technical Education Planning Partnership

The purpose of this guidance document is to provide clarification and direction regarding the accounting of Secondary Career and Technical Education (CTE) Regional Planning Partnership (RPP) funds.

## Fiscal Agent

Each RPP should designate a fiscal agent. By definition, the 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 RPP, the fiscal agent is limited to the entities below.

- Public School District
- Area Education Agency (AEA)
- Community College

While an RPP's fiscal agent can help guide discussion on the partnership's expenditures, it cannot make the final determination. Determining expenditures is the duty of the members of the RPP as a whole. Each RPP should define the roles and responsibilities of the fiscal agent if there are additions to the items below.

The fiscal agent has the following responsibilities:

- Submit the Secondary CTE RPP application via the [Iowa Grants](#) system.
- Receive funds from the Department on behalf of the RPP.
- Distribute reimbursements for approved expenditures once funds from the Department are received.
- Maintain RPP fiscal records (fund accounting).
- Provide necessary information to RPP members for proper account coding.

## Regional Planning Partnership Coordinator

An RPP coordinator is a person who provides services on behalf of the RPP. The coordinator may be an employee of the entity serving as the fiscal "RPP coordinator" is NOT synonymous with "fiscal agent".

The RPP coordinator has the following recommended responsibilities:

- Submit the Secondary CTE RPP application and claim for funds on behalf of the RPP.
- Coordinate meetings.
- Document, maintain, and monitor the RPP approved annual budget.
- Help ensure awarded funds are used only for purposes defined by Iowa Code section 256.136

- Work with fiscal agent to collect requests from and provide reimbursements to RPP member districts based on supporting documentation.
- Submit annual status report via the [Iowa Grants](#) system.

## Accounting—Generally Accepted Accounting Principles (GAAP)

The fiscal agent will create dedicated accounts for the RPP funds. Accounting for the funds cannot be done through a governmental fund (e.g., General Fund); it must be done through a fiduciary fund (e.g., Custodial Fund). Generally Accepted Accounting Principles (GAAP) defines the purpose of a Custodial 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), 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 RPP. It is important to remember that the fiscal agent itself is not the grant recipient; the entity serving as a fiscal agent 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 RPP's member districts' transaction activity.
  - Custodial Funds include:
    - Balance sheet accounts, additions (revenues), and deductions (expenditures)
      - Balance sheet accounts may 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 (RPP funds) for the member districts in Fund 9X, Program 300, Project 3261, Source 3261 (e.g., 9X-XXXX-300-3261-3261).
- Record expenditures (e.g., reimbursements to member districts) in Fund 9X, Program 300, Project 3261, 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 3261, with the appropriate function and object.
    - For example, if the district purchased a drill press, the coding would be as follows: 10-XXXX-1000-300-3261-739
  - 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 3261, Source 3261 (e.g., 10-XXXX-300-3261-3261).

The member district practices above also apply when a member district serves as its RPP'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 the RPP, the fiscal agent may occasionally provide additional services such as providing professional development. 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 RPP 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.

### Example: Fiscal Agent that Provides Additional Services

- Members of a five district RPP, whose fiscal agent is an AEA, determine they would like an employee of the AEA to coordinate/deliver professional development for the RPP 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-2213-300-3261-594 (\$200)
  - Revenue: 10-XXXX-300-3261-3261 (\$200) (RPP 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-300-3261-3261 (\$1,000)
  - Deduction (Expenditure):
    - Record each district separately; however, the dollars will not actually transfer to the districts.
    - 9X-1234-2213-300-3261-594 (\$200)
    - 9X-2345-2213-300-3261-594 (\$200)
    - 9X-3456-2213-300-3261-594 (\$200)
    - 9X-4567-2213-300-3261-594 (\$200)
    - 9X-5678-2213-300-3261-594 (\$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-300-8261-1958 (\$1,000)

## Questions

Questions regarding RPP allowable uses may be directed to Heather Meissen at [heather.meissen@iowa.gov](mailto:heather.meissen@iowa.gov) or 515-326-5378.

Questions regarding account coding may be directed to Jina Brincks at [jina.brincks@iowa.gov](mailto:jina.brincks@iowa.gov) or 515-313-5942.