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Memorandum

Fiscal Services Memo 17-06
Via E-mail Only

May 19, 2017

To: Chief Business Officers

From: Frances Parmelee, Assistant Vice Chancellor
College Finance and Facilities Planning Division

Subject: **Accounting Advisory: Adult Education Block Grant Funds**

This accounting advisory addresses the appropriate accounting for districts receiving Adult Education Block Grant (AEBG) funds either as a fiscal agent, as a participant/provider, or both. The treatment of funds received as the fiscal agent for disbursement to other participants is different than for funds received by the district for the direct costs of providing adult education services.

Fiscal Agent

Funds received from the State under a fiscal agent agreement that are then disbursed within 45 days to other adult education providers should be recorded in the restricted General Fund as 8900 "Other Financing Sources" using revenue object code 8970 "Fiscal Agent Pass Through". Disbursements should be coded to "Other Outgo-Other Transfers" using expenditure object code 7400 "Other Transfers", excluding indirect cost recovery. Under AEBG, districts have no fiduciary requirement regarding the use of the funds by the other participants. The only obligation of the fiscal agent is to disburse within 45 days.

Participant/Provider

If a portion of the funds received as a fiscal agent are for the district's own adult education program, then those funds should be recorded initially as described above. A transfer (other outgo) will be recorded to the fiscal agent funds for the district's share. The district will recognize its share of the funds in the restricted General Fund using revenue object code 8620 "General Categorical Programs". Expenditures should be recorded in expenditure object codes 1000-6000 as appropriate. Likewise, if the district is not the fiscal agent and is receiving AEBG funds, those funds should be recorded to the restricted General Fund using revenue object code 8620 "General Categorical Programs" and expenditure object codes 1000-6000 as appropriate.

Note the newly created object codes are not currently reflected in the California Community College Budget and Accounting Manual. This guidance will be incorporated at the next opportunity.

Contacts

If you have questions about this memo, please contact the following individuals:

- Fiscal-related topics: Michael Yarber at (916) 327-6818 or myarber@ccco.edu
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