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From: Auditor of State's Audit Administration  
To: All IPA Firms  
Subject: Straight A Fund Accounting Guidance  
Date: June 19, 2014

During fiscal year 2014, the Straight A Fund (466) was created. This fund accounts for grant monies received through the Straight A Program. These grant monies are restricted for projects that will provide for advancement in student achievement, achieve spending reductions in the five-year forecast or allow a greater share of resources to be utilized in the classroom. This fund should be classified as either a special revenue fund or a capital projects fund, depending on the nature of the award. This fund does not need Auditor of State approval to be established.

School districts that applied for the Straight A grant as a consortium will have a lead applicant. The lead applicant will be reporting a Straight A Fund and will either be distributing the grant monies to the participating school districts, or spending the dollars on-behalf-of the participating school districts. These distributions will be recorded within the lead applicant's Straight A 466 special revenue/capital projects Fund. In order to distinguish the activity related to the participating school districts, the lead applicant can record the disbursements related to the participating schools as a Pass through Payment (7600) or Money Spent on Behalf on Another Government (7700), as appropriate. If ODE's final expenditure reporting system won't accept 7000s functions, the shared services functions (3400s) can be used. However, these amounts should be reflected as intergovernmental expenditures on the lead applicant's financial statements. The presentation for any payments to a non-governmental entity will need to be determined on a case-by-case basis.

Each participating school district should have its own Straight A Grant Fund. School districts participating in a consortium where a lead applicant will be reporting an on-behalf-of grant should be following the guidance of Auditor of State Bulletin 2000-008. This guidance includes recording the cash value benefit of the program received under the agreement as memorandum receipts and disbursements in the fiscal year on-behalf-of disbursements are made. The memorandum entries should be made in the fiscal year the on-behalf-of disbursements are made regardless of the grant year. Participating schools should also be budgeting for these on-behalf-of disbursements as described in Auditor of State Bulletin 2000-008.

Due to the unique arrangements related to these consortium awards, the corresponding contracts for each award will need evaluated. The above guidance will serve as a starting

point in determining the appropriate accounting treatment; however, modifications may need to be made to accommodate each situation.

If you have any questions, please contact Tracie McCreary, [TLMccreary@ohioauditor.gov](mailto:TLMccreary@ohioauditor.gov), or Marnie Carlisle, [MACarlisle@ohioauditor.gov](mailto:MACarlisle@ohioauditor.gov).