Changes to the USFR Chart of Accounts

April 2015

Reasons for Revisions

Indirect Costs

- Arizona Department of Education
- U.S. Department of Education
- December 2014 - Revised Delegation Agreement
- Increased required detail for expenditure classification
- Effective date – July 1, 2015
  - New calculation in effect for FY 2018
  - Requires FY 2016 data

GASB 68

- Deferred Inflows
- Defered Outflows

Look for these in the Chart to find changes

Updated & Bolded
Eff. 7/1/15

Table 1
Sample Indirect Cost Rate Calculation for a District

Indirect Cost Rate Calculation for FY2018 - District

POOL[1]	Indirect Cost Pool Unrestricted	Indirect Cost Pool Restricted	
a. Plus Total Central Services Function (2500) (Unrestricted & Restricted)	$ -	$ -	
b. Plus Operation/Maintenance of Plant (2600) (Unrestricted Only)	$ -		
c. Plus Heads of Components other than Function 2500 & 2600 (Unrestricted Only)	$ -		
d. Plus Executive Administration other than Function 2500 & 2600 (Unrestricted Only)	$ -		
e. Plus Audit Services (Non-Federal) (Unrestricted & Restricted)	$ -	$ -	
f. Plus Retiree Health Expenses (Unrestricted & Restricted)	$ -	$ -	
g. Plus Pre-Approved Mass Severance excludes (Function 2500 & 2600-Unrestricted) & (Function 2500-Restricted))	$ -	$ -	
h. Plus Unused Leave & Normal Severance excludes (Function 2500 & 2600-Unrestricted) & (Function 2500-Restricted))	$ -	$ -	
i. *Less Food Expenses Function 2500 (Unrestricted & Restricted)*	$ -	$ -	
j. *Less Function 2510 Obj. 6850 (Unrestricted & Restricted)*	$ -	$ -	
k. *Less Functions 2550 & 2560 (Unrestricted & Restricted)*	$ -	$ -	
l. *Less Food Expenses Function 2600 (Unrestricted Only)*	$ -		
m. *Less Heads of Comp. & Exec. Admin Function 2500 (Restricted Only)*		$ -	
n. *Less Retiree Health (Heads of Comp. & Exec. Admin) (Restricted Only)*		$ -	
o. *Less Mass Severance Pay (Heads of Comp. & Exec. Admin) (Restricted Only)*		$ -	
p. *Less Unused Leave & Normal Severance (Heads of Comp & Exec. Admin) (Restricted Only)*		$ -	
q. Total Indirect Cost Pool	$ -	$ -	Sum (lines "a" through "p")
r. Carry Forward Adjustment	$ -	$ -	Carry Forward Balance from "pp" below
s. Carry Forward Balance from year of AFR data (FY16)	$ -	$ -	Carry Forward Balance from year of data (FY16)
t. Adjusted Indirect Cost Pool	$ -	$ -	Sum (lines "q" through "s")

[1] *Pool:* includes Programs 100, 200, 400, and 500 for all funds except the Federal Projects other than Medicaid Reimbursement (100-399 excluding 290), Food Service (510), Fede Impact Aid (Construction) (699), Impact Aid Revenue Bond Debt Service (720), Fiduciary (800-899), and Internal Service (950-989) Funds. All funds should be summarized to the bo codes provided in the USFR Chart of Accounts.

Executive Administration – Function Code

Executive Administration—The Superintendent and any administrators with key decision making authority over all or one or more parts of district operations. Costs associated with Executive Administration, including any office support staff (e.g., administrative assistants, secretaries) working directly for these administrators are classified in function **2320—Executive Administration**.

Updated & Bolded
Eff. 7/1/15

2320 **Executive Administration**— Activities associated with overall general administration or executive responsibility for the school district. This function includes the office of the superintendent and related office support staff (e.g., administrative assistant, secretary), community relations, and state and federal relations services. Activities of administrators with key decision making authority and their related office support staff are also included here regardless of the specific job title used. Such administrators are often referred to as associate, assistant, or deputy superintendents, but may not be limited to such designations. Activities of directing operations below the level of such administrators may be coded to another support services function if they fit within that function.

USFR page III-A-4
USFR page III-E-2.4

Heads of Components – Definition

Heads of Components—Administrators that directly report to a member of the district's executive administration (see definition above). These administrators are generally shown on an organizational chart as one management level below the executive administration. Costs associated with heads of components, including any office support staff (e.g., administrative assistants, secretaries) working directly for these administrators are classified in the heads of components detailed functions provided throughout the chart.

For example, an administrator over business operations, such as a Chief Financial Officer or Associate Superintendent for Business Operations that has the authority to make key decisions for district business operations would be classified in **2320** as an executive administrator. An administrator that directs the business office staff and reports to that executive administrator, such as a business manager, would be classified in **2530** as a head of component rather than **2510—Fiscal Services** to allow for correct treatment of those costs in the indirect cost rate calculation.

USFR page III-A-5

Heads of Components – Function Codes

Updated and Bolded

- **2410**—Office of the Principal

New Bold Codes – Heads of Components…

- **2170**—Support Services—Students
- **2240**—Support Services—Instruction
- **2530**—Support Services—Central
- **2680**—Operation & Maint. of Plant
- **2740**—Student Transportation
- **2910**—Support Services—Other
- **3110**—Food Service Operations
- **3210**—Enterprise Operations
- **3310**—Community Service Operations
- **3410**—Bookstore Operations
- **4800**—Facilities Acq. & Construction

Retiree Health Function Codes

2350 **Retiree Health**—Payments made to provide retiree health benefits. If a retired employee returns to district employment only classify health related costs in the detailed function below if the costs result from an agreement made when the employee retired. Classify health related costs for employees in the same function as their other compensation and benefits.

2351 **Executive Administration and Heads of Components**—Retiree health payments for retired executive administrators or heads of components. See description of executive administration and heads of components on pages **III-A-4 and 5**. ***Added for indirect cost reporting.***

USFR page III-E-2.5

Planning and Public Information Function Codes

Bolded codes

- **2550—Planning, Research, Development, and Evaluation Services**
- **2560—Public Information Services**

USFR page III-E-2.6

Unused Leave & Severance Payments Object Codes

6280 **Unused Leave and Severance Payments**—Amounts paid for unused leave and severance pay when employees separate from employment. **(Although expenditure object codes 6281 through 6283 are optional, districts must maintain adequate records to be able to report these categories for indirect cost reporting.)**

6281 **Unused Leave Payments**—Amounts paid for unused leave when an employee retires or separates from district employment.

6282 **Normal Severance Payments**—Amounts paid other than leave payments, if any, when an employee retires or separates from district employment. Do not include amounts for abnormal or mass severance payments here as those are classified in 6283 below.

6283 **Abnormal or Mass Severance Payments**—Amounts paid as separation incentives when offered to all employees or all employees in an employee group or class. Include payments such as lump sum payments that may be linked to years of service, increased pension benefits, and payments of unused leave beyond normal amounts.

USFR page III-E-2.5

BASE[(1)]	Indirect Cost Base Unrestricted	Indirect Cost Base Restricted	
u. Plus Total Expenditures	$ -	$ -	
v. Less Election Costs	$ -	$ -	
w. Less Judgments (Object Code 6820 used w/Function 2310)	$ -	$ -	
x. Less Debt Service (Function 5000)	$ -	$ -	
y. Less Portions of Each Sub-Award Exceeding $25K	$ -	$ -	
z. Less Pass-Thru Monies	$ -	$ -	
aa. Less Food (Object Code 6630-6634)	$ -	$ -	
bb. Less Capital Expenditures*	$ -	$ -	
cc. Less Tuition	$ -	$ -	
dd. Less Total Indirect Cost Pool	$ -	$ -	Total Indirect Cost Pool from above line "q"
ee. Base	$ -	$ -	Sum (lines "u" through "dd")
INDIRECT COST CALCULATION:			
ff. Adjusted Indirect Cost Pool	$ -	$ -	Adj. Indirect Cost Pool from above line "r"
gg. Divided by Base	$ -	$ -	Base number from above line "ee"
hh. Calculated Indirect Cost Rate	#DIV/0!	#DIV/0!	Adjusted Indirect Cost Pool/Base ("ff"/"gg")
ii. Maximum Rate Allowed	25.00%	8.00%	
jj. Issued Indirect Cost Rate	#DIV/0!	#DIV/0!	
CARRY FORWARD CALCULATION:			
kk. Base	$ -	$ -	Base number from above line "ee"
ll. IDC rate issued in same year as AFR data (FY16) "Fixed Rate"	0.00%	0.00%	Indirect Cost Rate issued in same year as AFR data (FY16) "Fixed Rate"
mm. Fixed Rate x Base	$ -	$ -	Base times prior year IDC rate "Fixed Rate" ("kk" x "ll")
nn. Lower of Total Indirect Cost Pool or Base x Maximum Rate Allowed	$ -	$ -	Total Indirect Cost Pool from above line "q" or Base "kk" x Maximum Rate Allowed "ii"
oo. Less Fixed Rate x Base	$ -	$ -	"Fixed Rate" x Base number from above line "mm"
pp. Carry Forward Balance	$ -	$ -	"Total Indirect Cost Pool" - "Fixed Rate x Base" ("nn" - "oo")

[(1)] Base: includes all Programs for all Funds except for Fiduciary (800-899) and Internal Service (950-989).

**Capital Expenditures: Includes all Function 4000 expenditures other than those coded to Objects 6730-6739 and the portion of Objects 6730-6739 from all Functions for items over $5,000 capitalization threshold.*

Election Costs Function Code

New
Eff. 7/1/15

2340 **Election Services**—Activities related to district elections including elections of governing board members and bond and override elections. ***Added for indirect cost reporting.***

Moved from Function 2310

USFR page III-E-2.5

Pass-through Payments Object Code

New
Eff. 7/1/15

6870 **Pass-through Payments**—Payments to another entity for monies received by the district on their behalf or as required by legal agreement. Such payments are paid to the other entity without directly controlling how the monies are spent by that entity. Include lump sum payments from a district to a charter school, Joint Technical Education District payments made to member districts, and any other similar payments that are not considered sub-awards as described in 6880 below. ***Added for indirect cost reporting.***

Moved charter school and JTED pass-through payments from object 6590 and 6591

USFR page III-E-3.13

Sub-awards Object Code

New Eff. 7/1/15	6880	**Sub-awards**—Sub-awards are awards provided by a district to a subrecipient to carry out part of the services for which the award was received by the district. Sub-awards do not include payments to a contractor or payments to an individual that is a beneficiary of the program paid for by the award. A sub-award may be provided through any form of legal agreement or contract. **(For indirect cost reporting, districts must maintain adequate records to be able to report the portion of each individual sub-award exceeding $25,000.)**

USFR page III-E-3.13

Equipment Object Codes

Bolded ranges

- **6731-33**—Furniture and Equipment
- **6734-36**—Vehicles
- **6737-39**—Technology-Related Hardware and Software

New required codes – for items $5,000 or more

- **6733**—Furniture and Equipment—$5,000 or More
- **6736**—Vehicles—$5,000 or More
- **6739**—Technology-Related Hardware and Software—$5,000 or More

USFR page III-E-3.11

Fund transfers-in/out Object Codes

- Updated object 5200—Fund Transfers-in
- Updated object 6910—Indirect Costs Transfers-Out
- Updated object 6930—Fund Transfers-Out

USFR page III-D-7 and III-E-3.13 and 14

GASB 68 Changes

Balance sheet object codes

- Updated 0185—Deferred Outflow of Resources
- Added 0293—Pension Related Deferred Inflows of Resources

USFR page III-C-2 and 6

Thank you for listening…Any questions?

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