

Changes to the USFRCS Chart of Accounts

June 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

*Look for these in the
Chart to find changes*



Table 2 Sample Indirect Cost Rate Calculation for a Charter School

Indirect Cost Rate Calculation for FY2018 - Charter

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 Function 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 Interest Function 2500 Obj. 6850 (Unrestricted & Restricted)	\$ -	\$ -	
k. Less Planning, Research, Development, & Evaluation Services, & Public Information Services Function 2500 (Unrestricted & Restricted)	\$ -	\$ -	
l. Less Food Expenses Function 2600 (Unrestricted only)	\$ -		
m. Less Heads of Com. & Exec. Admin Function 2500 (Restricted only)		\$ -	
n. Less Retiree Health (Heads of Comp. & Exe. Admin) (Restricted Only)		\$ -	
o. Less Mass Severance Pay (Heads of Comp. & Exe. Admin) (Restricted Only)		\$ -	
p. Less Unused Leave & Normal Severance (Heads of Comp & Exe. Admin) (Restricted Only)		\$ -	
q. Total Indirect Cost Pool	\$ -	\$ -	Sum (lines "a" through "p")
r. Carry Forward Adjustment	\$ -	\$ -	Carry Forward Balance from "nn" 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 expenses from Programs 100, 200, 400, and 500 except the Federal Projects other than Medicaid Reimbursement (1100-1399 excluding 1290), and expenses of School's Food Service Program. All funds should be summarized to the bold 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 school 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 **2310—Executive Administration**.

New

Eff. 7/1/15

2310 Executive Administration—Activities associated with overall general administration or executive responsibility for the school. This function includes the office of the superintendent/charter representative 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. Activities of directing operations below the level of such administrators may be coded to another support services function if they fit within that function. *Added for indirect cost reporting.*

USFRCS page III-A-5

USFRCS page III-E-2.2



Heads of Components – Definition

Heads of Components—Administrators that directly report to a member of the school’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 that has the authority to make key decisions for school business operations would be classified in **2310** 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 **2510** as a head of component rather than **2500—Central Services** to allow for correct treatment of those costs in the indirect cost rate calculation.



Heads of Components – Function Codes

- **2110**—Support Services—Students
- **2210**—Support Services—Instruction
- **2410**—Office of the Principal
- **2510**—Support Services—Central
- **2610**—Operation & Maint. of Plant
- **2710**—Student Transportation
- **2910**—Support Services—Other
- **3110**—Food Service Operations
- **3310**—Community Service Operations
- **3410**—Bookstore Operations
- **4100**—Facilities Acq. & Construction



Retiree Health Function Codes

New

Eff. 7/1/15

2320 Retiree Health—Payments made to provide retiree health benefits. If a retired employee returns to 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 compensation and benefits. *Added for indirect cost reporting.*

2321 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 page [III-A-5](#). *Added for indirect cost reporting.*



Planning and Public Information Function Codes

New

Eff. 7/1/15

2520 Planning, Research, Development, and Evaluation Services—Activities associated with conducting and managing system-wide programs of planning, research, development, and evaluation for a school system. *Added for indirect cost reporting.*

2530 Public Information Services—Activities concerned with writing, editing, and otherwise preparing educational and administrative information for dissemination to students, staff, managers, and the general public through direct mailing, the various news media, e-mail, the Internet, Web sites, and personal contact. The information services function code includes related supervision and internal and public information services. *Added for indirect cost reporting.*



Unused Leave & Severance Payments Object Codes

New

Eff. 7/1/15

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, schools must maintain adequate records to be able to report these categories for indirect cost reporting.)**

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

6282 Normal Severance Payments—Amounts paid other than leave payments, if any, when an employee retires or separates from 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.



Audit Services Object Codes

New

Eff. 7/1/15

6310 **Audit Services**—Audit Services associated with financial and compliance audits of a school. Do not include amounts related to audits of federal programs. Federal program audit costs should be coded to expenditure object code 6300. *Added for indirect cost reporting.*



BASE⁽²⁾

- u. **Plus Total Expenses (excludes capital expenditures)**
- v. **Less Judgments (Object Code 6820)**
- w. **Less Debt Service (Function 5000)**
- x. **Less Portions of Each Sub-Award Exceeding \$25K**
- y. **Less Pass-Thru Monies**
- z. **Less Food (Object Code 6630-6633)**
- aa. **Less Tuition**
- bb. **Less Total Indirect Cost Pool**
- cc.

	Indirect Cost Base Unrestricted	Indirect Cost Base Restricted	
	\$ -	\$ -	
	\$ -	\$ -	
	\$ -	\$ -	
	\$ -	\$ -	
	\$ -	\$ -	
	\$ -	\$ -	
	\$ -	\$ -	
	\$ -	\$ -	
	\$ -	\$ -	
Base	\$ -	\$ -	Total Indirect Cost Pool from above line "q" Sum (lines "u" through "bb")

INDIRECT COST CALCULATION:

- dd. **Adjusted Indirect Cost Pool**
- ee. **Divided by Base**
- ff. **Calculated Indirect Cost Rate**
- gg. **Maximum Rate Allowed**
- hh.

Issued Indirect Cost Rate

\$ -	\$ -	Adj. Indirect Cost Pool from above line "t"
\$ -	\$ -	Base number from above line "cc"
#DIV/0!	#DIV/0!	Adjusted Indirect Costs Pool/Base ("dd"/"ee")
25.00%	8.00%	
#DIV/0!	#DIV/0!	

CARRY FORWARD CALCULATION:

- ii. **Base**
- jj. **IDC rate issued in same year as AFR data (FY16) "Fixed Rate"**
- kk. **Fixed Rate x Base**
- ll. **Lower of Total Indirect Cost Pool or Base x Maximum Rate Allowed**
- mm. **Less Fixed Rate X Base**
- nn.

Carry Forward Balance

\$ -	\$ -	Base number from above line "cc"
0.00%	0.00%	Indirect Cost Rate issued in same year as AFR data (FY16) "Fixed Rate"
\$ -	\$ -	Base times prior year IDC rate "Fixed Rate" ("ii" * "jj")
\$ -	\$ -	Total Indirect Cost Pool from above line "q" or Base "ii" x Maximum Rate Allowed "gg"
\$ -	\$ -	"Fixed Rate" x Base number from above line "kk"
\$ -	\$ -	"Total Indirect Cost Pool" - "Fixed Rate x Base" ("ll" - "mm")

⁽²⁾Base: includes all Programs for all Projects (1000-1999).



New Object Codes

New

Eff. 7/1/15

- 6560 Tuition**—Expenditures to reimburse other educational institutions. *Added for indirect cost reporting.*
- 6830 Pass-through Payments**—Payments to another entity for monies received by the school 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. *Added for indirect cost reporting.*
- 6840 Sub-awards**—Sub-awards are awards provided by a school to a subrecipient to carry out part of the services for which the award was received by the school. 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, schools must maintain adequate records to be able to report the portion of each individual sub-award exceeding \$25,000.)**

USFRCS page III-E-3.4

USFRCS page III-E-3.8



Thank you for listening...Any questions?

Contact us at:

602-553-0333

-or-

asd@azauditor.gov

Accounting Services Division
Office of the Auditor General

