



# **Iowa Department of Education Local Education Agency Federal Indirect Cost Rate Proposal**

Effective July 1, 2020

State of Iowa  
Department of Education  
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# Profile of Local Education Agencies (LEAs) in Iowa

## 1. Which basis of accounting is used by the LEAs?

Iowa LEAs use the accrual basis (Modified Accrual per GAAP)

## 2. Number of LEAs in the State.

333 FY18; 330 FY19; 327 FY20

## 3. Number of LEAs requesting indirect cost rates.

Iowa LEAs (districts) do not request indirect cost rates; the indirect cost rates are automatically calculated by the Department and provided for all LEAs.

## 4. Describe Rates calculated.

The state calculates both restricted and unrestricted rates.

## 5. Type of rate calculated.

Predetermined.

## 6. If Predetermined, is the rate discounted?

Yes; the discount percent is 90%.

## 7. Frequency of indirect cost rates calculated.

Indirect cost rates are calculated annually

## 8. Are unused leave payments in the indirect cost pool for calculation of the unrestricted indirect cost rate?

N/A for Iowa.

## 9. Are the salaries and related costs of Superintendents, Deputy Superintendents, and Heads of components, adjusted in the Restricted Rate calculation?

No; including these costs is not required per the Code of Federal Regulations.

## 10. Are unused leave payments charged directly to federal awards?

No; N/A.

## 11. Are the building related expenditures in the direct cost base for calculation of the restricted indirect cost rate?

General Fund operating (maintenance) costs are included in calculation of the restricted indirect cost rate. However, construction costs and repair or remodeling costs are accounted for in other funds and therefore are not included in the calculation.

**12. Does the base include only the first \$25,000 of subaward expenditures?**

No.

**13. If the answer in #12 is “no”, describe the treatment of subawards in the base.**

The concept of subawards is as defined. The treatment of the first \$25,000 does not apply to purchased services, such as tuition payments, which are generally a rate per student times the number of students. Based on review, and a conference call with the negotiator’s supervisor, it was determined these are purchased services, and accordingly exempt from the subawards \$25,000 rule. These purchased services are included in the base of the paying district, but excluded from the base in the receiving district. The department reviewed the largest three districts’ audit reports and none had any subawards of Federal grants identified. Since subawards for lowa districts are minimal, subawards will remain in the base for the indirect cost rate calculation.

**14. Are any types of retirement incentives included in the proposal or planned in the next fiscal year? If yes, describe the expenditures.**

No; retirement incentives are paid from a different fund (Management Fund).

# Introduction

The Iowa Department of Education (Department), in cooperation with the U.S. Department of Education (ED) has developed an indirect cost rate proposal to be used by its public school districts (local education agencies [LEAs]) and its area education agencies (AEAs).

Iowa defines an LEA as a public school district, which is legally constituted within the state as a political subdivision governed by an elected board of education vested with the responsibilities for educational activities for students in a given geographical area. The primary responsibility of an LEA is to provide the instructional program for Iowa's prekindergarten through grade 12 students. In Iowa, charter schools are required to be part of an LEA, so do not have a separate rate. A charter school will use the indirect cost rate of the LEA of which it is a part.<sup>1</sup> Iowa has 327 LEAs as of the fiscal year ending June 30, 2020.

Iowa defines an AEA as a legally constituted political subdivision within the state governed by a board of directors within a larger geographical area that will not divide an LEA. An AEA's primary responsibilities are to provide support and other programs and services to children from birth to age 21 who require special education services, provide media services, and to provide other support services to the students and staff in Iowa's LEAs. Iowa has 9 AEAs as of the fiscal year ending June 30, 2020.

The Department has chosen to follow the simplified method of calculating predetermined indirect cost rates for its LEAs and AEAs. Individual projects and activities benefit from the indirect costs to approximately the same degree. The allocation of indirect costs is accomplished by classifying each agency's costs as direct, indirect, or excluded and unallowed. Total costs are reduced to reflect expenditures that benefited other LEAs or AEAs and that have been offset by reimbursement from other LEAs or AEAs. The allowable indirect costs are then divided by the modified total direct costs (MTDC). This approach applies to both restricted and unrestricted indirect cost rates.

The information necessary to complete the calculation of indirect cost rates is taken from each agency's completed Certified Annual Report (CAR), which is submitted as an upload of their chart of accounts and submitted each year no later than September 15. The Department's Bureau of School Business Operations uses a Statistical Analysis Software (SAS) program to calculate the LEA and AEA restricted and unrestricted rates. Initial rates are calculated in late September. If the initial calculated rate(s) appear to be out-of-line, data behind the rates are reviewed to determine 1) if there were infrequent or unusual items that should be excluded or 2) if there were local coding errors that need to be corrected. Once the initial review process is complete and any necessary corrections are made, and federal reports are filed, the SAS program is run again to calculate final rates, which are posted on the [Indirect Cost Rate](#) page of the Department's website for use by the districts. This typically occurs in late March or April.

Total costs, net of excluded and unallowed costs, are classified as direct or indirect. Direct costs are accumulated into a direct cost base. The direct cost base is modified to reflect reimbursable expenditures for services provided to other LEAs or AEAs, such as shared personnel contracts, tuition, transportation, data processing, cooperating purchasing, and consulting. Indirect costs are accumulated into an indirect cost pool. The indirect cost pool is modified to reflect applicable credits. An indirect cost rate is calculated by dividing the modified indirect cost pool by the modified direct cost base.

The information provided in the following sections of this document further describes the methodology employed in the calculation of Iowa's indirect cost rates.

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<sup>1</sup> During the 2019-2020 school year, there were two public charter schools in Iowa.

# General Overview

Data for the calculation of Iowa's indirect cost rates are collected annually and uniformly. Each public LEA and AEA is required to follow financial accounting practices as promulgated in *Uniform Financial Accounting for Iowa LEAs and AEAs*, which is based on the *Financial Accounting for Local and State School Systems* federal handbook and associated guidance, and Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). A Certified Annual Report (CAR), which is an unaudited chart of account upload, is prepared by each LEA and AEA and collected by the Department under the authority of Iowa Code chapters 291 and 256. The CAR is an upload of the entity's chart of accounts showing detailed financial information derived from the fiscal records of the LEA or AEA for the fiscal year ended June 30. The CAR must be completed, finalized, and submitted to the state no later than September 15 of the same calendar year.

Each CAR is accompanied by a certification that the data in the CAR are true, correct, complete, and prepared in compliance with state and federal statutes. The certification further provides an affirmation that "no unallowed costs have been included with allowed costs in figures used to calculate restricted indirect cost rates."

Cost data used in the calculation of indirect costs are taken from the General Fund detail by function and object on the CAR. Function describes the activity for which a service or object is required. Object describes the type of service or commodity purchased. In accordance with 2 CFR 200, costs for worker compensation, unemployment, severance pay, retirement incentives, and insurance are reclassified as general administration costs and included as indirect costs.

Revenue data used to offset costs are taken from the General Fund detail by source on the CAR. Cost is adjusted for reimbursements received from other LEAs or AEAs for shared personnel contracts, tuition, transportation, and other services such as data processing, purchasing, maintenance, cleaning, and consulting. This adjustment is necessary to accurately reflect the cost incurred by each LEA and AEA. Doing so prevents a double accounting of costs, as the service would appear as an expenditure of funds in both the providing and the benefiting LEA or AEA.

2 CFR 200.68 limits inclusion of subawards in the modified total direct cost (MTDC) to the first \$25,000. The subaward treatment to the first \$25,000 does not apply to purchased services, such as tuition payments, which are generally a rate per student times the number of students. Based on review, and a conference call involving the Indirect Cost Group, ED, it was determined these items (tuition payments) are purchased services, and are accordingly exempt from the subawards \$25,000 limitation. These purchased services are included in the base of the paying district, but excluded from the base in the receiving district. Removal of the subawards exceeding \$25,000 does not impact the indirect cost rate calculated for the districts.

Since subawards for Iowa districts are minimal, subawards remain in the base for the indirect cost rate calculation. However, the Department communicates to the LEAs and AEAs that only the first \$25,000 of subawards is included when calculating indirect costs charged to each grant using the indirect cost rate provided by the Department.

The Board, Superintendent and Principal Offices are not part of the restricted indirect cost pool, but are included in the base. Since the School Business Official may be the only employee or perform all duties of the business office in many Iowa districts, or have minimal impact on the rate for larger districts if the costs are removed, costs of this position are included in the restricted indirect cost rate pool. LEA and AEA occupancy and space-related costs are also not part of the restricted indirect cost rate pool, but are included in the base. Statewide occupancy and space related costs are not included in LEA and AEA restricted or unrestricted indirect cost rates, so the Statewide Cost Allocation Plan (SWCAP) does not apply.

# Classification of Costs

Costs reported on the CAR are classified as direct, indirect, or excluded and unallowed. Table A shows Iowa's classification of costs by function and object.

"Direct costs" are allowable costs of the LEA or AEA that benefit particular functions or programs. Direct costs can be identified specifically with a particular final cost objective. Examples of direct costs include compensation of program personnel, professional development, supplies and materials, equipment, equipment repair, and travel.

"Excluded costs" are those by which the nature of the expense, or because the nature of the costs require minimal administrative support, must be excluded from both the direct and indirect classification. Examples of excluded costs include food purchases, property-related expenditures, taxes, long-term interest, pass-through funds, and refunds of prior year revenues.

"Unallowed costs" are similar to excluded costs in that they must be excluded from both the direct and indirect classification. Examples of unallowed costs include capital expenditures, debt service, fines and penalties, and contingencies. Iowa LEAs and AEAs use a \$500 capitalization threshold for equipment purchases. Unused leave is not included in the plan since it reported on the balance sheet and not an expenditure until used.

"Indirect costs" are costs that have been incurred for common or joint purposes and that benefit more than one function or program of the agency. These costs cannot be readily and specifically identified with a particular final cost objective without effort disproportionate to the results achieved. Indirect costs are further identified as either "restricted" or "unrestricted." Restricted indirect costs may only be claimed for certain federal programs. Unrestricted indirect costs may be claimed for federal programs that are not specifically declared as restricted; in other words, do not contain a supplement, not supplant clause. Examples of indirect costs include data processing, purchasing, accounting, personnel, and other central services.

Total costs, net of excluded and unallowed costs, are classified as direct or indirect. Direct costs are accumulated into a direct cost base. The direct cost base is modified to reflect reimbursable expenditures for services provided to other LEAs or AEAs, such as shared personnel contracts, tuition, transportation, data processing, cooperating purchasing, and consulting. Indirect costs are accumulated into an indirect cost pool. The indirect cost pool is modified to reflect applicable credits. An indirect cost rate is calculated by dividing the modified indirect cost pool by the modified direct cost base.

**Table A: Cost Classification Matrix**

Function	Salaries 100-199	Benefits 200-299	Purchased Services 300-599	Supplies 600-699 (not 630- 639)	Food Costs (630-639)	Property (700- 799)	Other Objects (800-899)	Other Uses (900-999)
1000 – Instruction	Direct	Direct	Direct	Direct	Excluded	Excluded	Direct	Excluded
2100 – Student Services	Direct	Direct	Direct	Direct	Excluded	Excluded	Direct	Excluded
2200 – Staff Services	Direct	Direct	Direct	Direct	Excluded	Excluded	Direct	Excluded
2310 – Board Services	Direct	Direct	Direct	Direct	Excluded	Excluded	Excluded	Excluded
2320 – Executive Administration	Direct	Direct	Direct	Direct	Excluded	Excluded	Direct	Excluded
2330 – Special Area Services	Direct	Direct	Direct	Direct	Excluded	Excluded	Direct	Excluded
2400 – Building Admin Services	Direct	Direct	Direct	Direct	Excluded	Excluded	Direct	Excluded
2500-2539; 2570-2573, 2575-2599 – Business Services	Indirect-Restricted	Indirect-Restricted	Indirect-Restricted	Indirect-Restricted	Excluded	Excluded	Indirect-Restricted	Excluded
2540, 2560, 2574 – Business Services	Direct	Direct	Direct	Direct	Excluded	Excluded	Direct	Excluded
2610-2639, 2650-2699 – Operations & Maintenance	Indirect-Unrestricted	Indirect-Unrestricted	Indirect-Unrestricted	Indirect-Unrestricted	Excluded	Excluded	Indirect-Unrestricted	Excluded
2640 – O & M Equipment Repair	Direct	Direct	Direct	Direct	Excluded	Excluded	Direct	Excluded
2700 – Student Transportation	Direct	Direct	Direct	Direct	Excluded	Excluded	Direct	Excluded
2900 – Other Support	Indirect-Restricted	Indirect-Restricted	Indirect-Restricted	Indirect-Restricted	Excluded	Excluded	Indirect-Restricted	Excluded
3100 – Food Service	Direct	Direct	Direct	Direct	Excluded	Excluded	Direct	Excluded
3200 – Enterprise Operations	Excluded	Excluded	Excluded	Excluded	Excluded	Excluded	Excluded	Excluded
3300-3400 – Community Services	Excluded	Excluded	Excluded	Excluded	Excluded	Excluded	Excluded	Excluded
4000 – Facility Acquisition	Excluded	Excluded	Excluded	Excluded	Excluded	Excluded	Excluded	Excluded
5000-6999 – Debt Service and Other Uses	Excluded	Excluded	Excluded	Excluded	Excluded	Excluded	Excluded	Excluded

# Calculation of Indirect Cost Rates

After classifying costs, the indirect cost rate is determined. Indirect cost rates, both restricted and unrestricted, are calculated by the Department's Bureau of School Business Operations annually for each LEA and AEA from expenditures delineated on the entity's CAR. Expenditures from the second preceding year are used to complete the indirect cost rates for the current fiscal year. For example, expenditures from fiscal year 2018 are used to calculate the indirect cost rate for fiscal year 2020 programs. By means of a computer application (Statistical Analysis Software), the matrix is applied and data for each LEA or AEA is brought into the appropriate calculation. Total indirect costs are divided by the total direct costs after exclusions and adjustments, and the indirect cost rate is determined.

Table B displays the method used to calculate an unrestricted indirect cost rate, while Table C displays the method used to calculate a restricted indirect cost rate.

The base for restricted indirect cost rates includes functions 1000-2799 and 3100-3199, and objects 100-629, 640-699, and 810-819. This excludes equipment, food, and selected other objects. This base is reduced by the total of sources 1320-1329, 1420-1429, and 1950-1959, which are reimbursements from other LEAs and AEAs. The base is also reduced by the restricted indirect cost rate pool. The pool for restricted indirect cost rates includes functions 2510-2539, 2550-2559, and 2570-2599, and objects 100-629, 640-699, and 810-819, reduced by revenue received for shared business office staff. The Board, Superintendent and Principal Offices are not part of the pool since they are not in included functions, but are part of the base. Since the School Business Official may be the only employee or perform all duties of the business office in many Iowa districts, or have minimal impact on the rate for larger districts if the costs are removed, costs of this position are included in the restricted indirect cost rate pool. LEA and AEA occupancy and space-related costs are also not part of the restricted indirect cost rate pool, but are included in the base. Statewide occupancy and space related costs are not included in LEA and AEA restricted or unrestricted indirect cost rates, so the Statewide Cost Allocation Plan (SWCAP) does not apply.

The base for unrestricted indirect cost rates is reduced by the unrestricted indirect cost rate pool rather than the restricted indirect cost rate pool. The pool for unrestricted indirect cost rates includes the functions used for restricted indirect costs as well as functions 2610-2639 and 2650-2699.

Infrequent or unusual items initially included in either pool are excluded from the final rate calculations.

Historically, expenditures by function and object in LEAs and AEAs have remained very consistent, giving the Department reasonable assurance that the rate calculated on expenditures in a base year will not exceed the rate based on actual costs in the second succeeding year. As agreed by ED, in lieu of utilizing a carryover calculation Iowa will further restrict the predetermined indirect cost rates, both restricted and unrestricted, by multiplying the rate by 90 percent. This results in final rates calculated as follows:

$$\text{Final Indirect Cost Rate} = (\text{pool/base}) \times .90$$

Further, the Department has established a maximum restricted indirect cost rate of 7 percent and a maximum unrestricted indirect cost rate of 17 percent.

**Table B: Unrestricted Indirect Cost Rate**

Description	Total Costs	Included Costs		Excluded Costs		
Function	Total Expenditures	Direct Costs	Indirect Costs	Property (700-799)	Other Objects (820-899)	Other Uses (900-999)
1000 – Instruction	\$	\$		\$	\$	\$
2100 – Student Services	\$	\$		\$	\$	\$
2200 – Staff Services	\$	\$		\$	\$	\$
2310 – Board Services	\$	\$		\$	\$	\$
2320 – Executive Admin Services	\$	\$		\$	\$	\$
2330 – Special Area Services	\$	\$		\$	\$	\$
2400 – Building Admin Services	\$	\$		\$	\$	\$
2500-2539, 2570-2573, 2575-2599 – Business Services	\$		\$	\$	\$	\$
2540, 2560, 2574 – Business Services	\$	\$		\$	\$	\$
2610-2639, 2650-2699 – Operation & Maintenance	\$		\$	\$	\$	\$
2640 – Operation & Maintenance	\$	\$		\$	\$	\$
2700 – Student Transportation	\$	\$		\$	\$	\$
2800 – Central Support	\$		\$	\$	\$	\$
3100 – Food Service	\$	\$		\$	\$	\$
3200 – Enterprise Operations	\$	\$		\$	\$	\$
3300-3400 – Community Services	\$	\$		\$	\$	\$
4000 - Facility Acquisition	\$	\$		\$	\$	\$
5000-6999 – Debt Service and Other Uses	\$	\$		\$	\$	\$
Total	\$	\$	\$	\$	\$	\$
Less Other LEA/AEA Reimbursements	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Net Costs	\$	\$	\$	\$	\$	\$

(A) (B)

(B) Indirect Costs [pool]

(A) Direct Costs [base]<sup>2</sup>

Unrestricted Indirect Cost Rate = (B) / (A)

<sup>2</sup> Although some federal funding is for uses coded to functions 3200-5000, these functions are excluded from the indirect cost rate calculations, as noted on Table A, Cost Classification Matrix

**Table C: Restricted Indirect Cost Rate**

Description	Total Costs		Included Costs		Excluded Costs		
	Function	Total Expenditures	Direct Costs	Indirect Costs	Property (700-799)	Other Objects (820-899)	Other Uses (900-999)
1000 – Instruction	\$	\$			\$	\$	\$
2100 – Student Services	\$	\$			\$	\$	\$
2200 – Staff Services	\$	\$			\$	\$	\$
2310 – Board Services	\$	\$			\$	\$	\$
2320 – Executive Admin Services	\$	\$			\$	\$	\$
2330 – Special Area Services	\$	\$			\$	\$	\$
2400 – Building Admin Services	\$	\$			\$	\$	\$
2500-2539, 2570-2573, 2575-2599 – Business Services				\$	\$	\$	\$
2540, 2560, 2574 – Business Services	\$	\$			\$	\$	\$
2610-2639, 2650-2699 – Operation & Maintenance	\$	\$			\$	\$	\$
2640 – Operation & Maintenance	\$	\$			\$	\$	\$
2700 – Student Transportation	\$	\$			\$	\$	\$
2800 – Central Support	\$		\$	\$	\$	\$	\$
3100 – Food Service	\$	\$			\$	\$	\$
3200 – Enterprise Operations	\$	\$			\$	\$	\$
3300-3400 – Community Services	\$	\$			\$	\$	\$
4000 – Facility Acquisition	\$	\$			\$	\$	\$
5000-6999 – Debt Service and Other Uses	\$	\$			\$	\$	\$
Total	\$	\$	\$	\$	\$	\$	\$
Less Other LEA/AEA Reimbursements	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Net Costs	\$	\$	\$	\$	\$	\$	\$

(A) (B)

(B) Indirect Costs [pool]

(A) Direct Costs [base]<sup>3</sup>

Restricted Indirect Cost Rate = (B) / (A)

<sup>3</sup> Although some federal funding is for uses coded to functions 3200-5000, these functions are excluded from the indirect cost rate calculations, as noted on Table A, Cost Classification Matrix

# Application of Indirect Cost Rates

After the indirect cost rate is determined, the Department notifies each LEA and AEA of the maximum restricted rate it may use. Applying the maximum restricted rate against the direct costs of the award generates the maximum indirect costs that may be recovered from the award. Indirect cost recoveries are that portion of the grant funding that are used to support the indirect costs of the program. The maximum restricted rate calculated for a program year is applied to expenditures from the award in that year.

If the grant award contains costs that are excluded from the direct or indirect cost base, the direct costs of the award are modified to reflect the elimination of these costs from inclusion in the indirect cost reimbursement calculation. The indirect cost recovery is calculated by multiplying direct cost base by the indirect cost rate as show below.

$$\text{Indirect Cost Rate} \times \text{Direct Cost Base} = \text{Indirect Cost Recovery}$$

The restricted indirect cost rate represents the maximum amount that an LEA or AEA may apply to federal grant programs that have a statutory requirement prohibiting the use of federal funds to supplement non-federal funds.

The unrestricted indirect cost rate represents the maximum amount that an LEA or AEA may apply to federal grant programs that do not have a statutory requirement prohibiting the use of federal funds to supplement non-federal funds.

State managers of federal programs have the option to assign to LEAs or AEAs more restricted levels of direct costs for application of the rate, thereby reducing total indirect cost recovery, for the purposes of accomplishing administrative expediency, increasing the flow of federal funds for direct project purposes, and meeting the reasonable assurance criteria described in 2 CFR 200, Appendix VII, Part E, Item 2. Additionally, the LEA or AEA may elect to apply a rate that is less than the approved rate, including a rate of zero.

## Conclusion

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The methodology proposed by the Iowa Department of Education conforms to the guidelines established by the U.S. Department of Education for the preparation of indirect cost rates. These guidelines have been provided in the publication *U.S. Department of Education Cost Allocation Guide for State and Local Government Agencies*.

Costs incurred by each public school district (LEA) and each area education agency (AEA) are identified as direct, indirect, or excluded and unallowed. This information is obtained from the Certified Annual Report (CAR) for each agency. The direct cost base is modified to adjust for revenues which offset expenditures incurred on behalf of other LEAs or AEAs and which will be reported on the CAR as an expenditure by the benefiting LEA or AEA. The indirect cost pool is accumulated and divided by the modified direct cost base to determine the indirect cost rate, then multiplied by 90 percent to determine the final indirect cost rate.

# Appendix A – Glossary of Accounting Functions and Objects

## Major Expenditure Functions

- 1000 Instruction.** Instruction includes the activities dealing directly with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location such as a home or hospital, and in other learning situations such as those involving cocurricular activities. It may also be provided through some other approved medium—such as television, radio, computer, the Internet, multimedia, telephone, and correspondence—that is delivered inside or outside the classroom or in other teacher- student settings. Included here are the activities of aides or classroom assistants of any type (graders, teaching machines, etc.) who assist in the instructional process.
- 2100 Support Services—Students.** Activities designed to assess and improve the well-being of students and to supplement the teaching process. These include, but are not limited to activities such as attendance and social work services, guidance services, health services, psychological services, speech pathology and audiology services, and occupational therapy related services.
- 2200 Support Services—Instruction.** Activities associated with assisting the instructional staff with the content and process of providing learning experiences for students. These include, but are not limited to activities such as improvement of instruction services, library/media services, instructional related technology services, and academic student assessment.
- 2310 Board of Education.** Activities of the board that has been created according to state law and vested with responsibilities for educational activities in a given administrative unit.
- 2320 Executive Administration.** Activities associated with the overall general administration or executive responsibility of the entire school district.
- 2330 Special Area Administration Services.** Activities associated with special area responsibilities of the entire school district.
- 2400 Support Services—School Administration.** Activities concerned with overall administrative responsibility for a school.
- 2500 Central Services.** Activities that support other administrative and instructional functions, including fiscal services, human resources, planning, and administrative information technology.
- 2510 Fiscal Services.** Activities concerned with the fiscal operations of the school district. This function includes budgeting, receiving and disbursing, financial and property accounting, payroll, inventory control, internal auditing, and investments and funds management. Fiscal services are inclusive of supervision of fiscal services, budgeting services, and payroll, internal audit, and general accounting functions. Board secretary, clerk, and board treasurer services should be reported in 2510 if the positions serve the district and do not provide services directly to board members.
- 2520 Purchasing, Warehousing, and Distributing Services.** Activities concerned with purchasing, receiving, storing, and distributing supplies, furniture, equipment, and materials used in schools or school system operations.
- 2530 Printing, Publishing, and Duplicating Services.** The activities of printing and publishing administrative publications such as annual reports, school directories, and manuals. Activities here also include centralized services for duplicating school materials and instruments such as school bulletins, newsletters, and notices. (Duplicating services directly related to instruction should be reported in function 1000.)
- 2540 Planning, Research, Development, and Evaluation Services.** Activities associated with conducting and managing systemwide programs of planning, research, development, and evaluation for a school system.
- 2560 Public Information Services.** Activities concerned with writing, editing, and other preparation necessary to disseminate educational and administrative information to students, staff, managers, and the general public through direct mailing, the various news media, e- mail, the Internet and websites, and personal contact. The information services function code includes related supervision and internal and public information services.

- 2570 Personnel Services.** Activities concerned with maintaining efficient personnel for the school system. This code includes such activities as recruitment and placement, noninstructional staff training, staff transfers, in-service training, health services, and staff accounting.
- 2574 Noninstructional Personnel Training.** Activities associated with the professional development and training of noninstructional personnel. These include such activities as in-service training, seminars and conferences, continuing professional education, courses for college credit (tuition reimbursement), and other activities related to the ongoing growth and development of noninstructional personnel. The incremental costs associated with providing temporary employees to perform job duties while regular employees attend training should be captured in this function code. All costs should be charged to this code regardless of whether training services are provided internally or purchased from external vendors.
- 2580 Administrative Technology Services.** Activities concerned with supporting the school district's information technology systems, including supporting administrative networks, maintaining administrative information systems, and processing data for administrative and managerial purposes. These activities include expenditures for internal technology support as well as support provided by external vendors using operating funds. These activities include costs associated with the administration and supervision of technology personnel, systems planning and analysis, systems application development, systems operations, network support services, hardware maintenance and support services, and other technology-related administrative costs.
- 2590 Other Support Services—Central Services.** Other support services to business not classified elsewhere in the 2500 series.
- 2600 Operation and Maintenance of Plant.** Activities concerned with keeping the physical plant open, comfortable, and safe for use and with keeping the grounds, buildings, and equipment in effective working condition and state of repair. These include the activities of maintaining safety in buildings, on the grounds, and in the vicinity of schools. In-service training related to operations and maintenance, including safety and security, should be reported in function 2574 Personnel Services.
- 2610 Supervision of Operation & Maintenance of Plant Services.** The activities involved in directing, managing and supervising the operation and maintenance of school plant facilities.
- 2620 Operation and Maintenance of Buildings.** Operation includes activities concerned with keeping the physical plant clean and ready for daily use. They include operating lighting and heating, ventilating, and air conditioning (HVAC) systems and doing minor repairs. Also included are the costs of building rental and property insurance. Maintenance includes activities associated with keeping buildings at an acceptable level of efficiency through repairs and preventative maintenance.
- 2630 Care and Upkeep of Grounds.** Activities involved in maintaining and improving the land (but not the buildings). These include snow removal, landscaping, and grounds maintenance.
- 2640 Care and Upkeep of Equipment.** Activities involved in maintaining equipment owned or used by the school district. They include such activities as servicing and repairing furniture, machines, and movable equipment.
- 2650 Vehicle Operation and Maintenance (Other Than Student Transportation Vehicles).** Activities involved in maintaining general-purpose vehicles such as trucks, tractors, graders, and staff vehicles. These include such activities as repairing vehicles; replacing vehicle parts; and cleaning, painting, greasing, fueling, and inspecting vehicles for safety (i.e., preventive maintenance). Expenditures for driver's education programs should be coded to function 1000 Instruction.
- 2660 Security.** Activities concerned with maintaining a secure environment for students and staff, whether they are in transit to or from school, on a campus or in an administrative facility, or participating in school-sponsored events. These include costs associated with security plan development and implementation, installation of security monitoring devices (e.g., cameras, metal detectors), security personnel (e.g., campus police, security guards), purchase of security vehicles and communication equipment, and related costs. Costs associated with in-service training related to school safety, drug and violence prevention training, and alternative schools should be accounted for under function code 2574.

- 2670 Safety.** Activities concerned with maintaining a safe environment for students and staff, whether they are in transit to or from school, on a campus or in an administrative facility, or participating in school-sponsored events. These include costs associated with installing and monitoring school fire alarm systems and providing school crossing guards, as well as other costs incurred in an effort to ensure the basic safety of students and staff. Costs associated with in-service training related to school safety, drug and violence prevention training, and alternative schools should be accounted for under function code 2574.
- 2690 Other Operation and Maintenance of Plant.** Operation and maintenance of plant services that cannot be classified elsewhere in the 2600 series.
- 2700 Student Transportation.** Activities concerned with conveying students to and from school, as provided by state and federal law. These include trips between home and school and trips to school activities. The Transportation Director should be coded here. Expenditures for driver's education programs should be coded to 1000 Instruction.
- 2900 Other Support Services.** All other support services not classified elsewhere in the 2000 series.
- 3100 Food Services Operations.** Activities concerned with providing food to students and staff in a school or school district. This service area includes preparing and serving regular and incidental meals, lunches, or snacks in connection with school activities and food delivery.
- 3200 Enterprise Operations.** Activities that are financed and operated in a manner similar to private business enterprises, where the stated intent is to finance or recover the costs primarily through user charges. The school district bookstore, for example, could be charged to this code. Instruction should not be charged here, but rather to function 1000. Food services should not be charged here, but rather to function 3100.
- 3300 Community Services Operations.** Activities concerned with providing services to the community. Examples of this function would be offering parental training or operating a community swimming pool, a recreation program for the elderly, or a child care center for working parents. Counseling for the parents of students, where the objective is to improve the education and well-being of the student, should be reported in function 2120 Guidance Services
- 4000 Facilities Acquisition and Construction.** Activities concerned with acquiring land and buildings; remodeling buildings; constructing buildings and additions to buildings; initially installing or extending service systems and other built-in equipment; and improving sites.
- 5000 Debt Service.** Activities related to servicing the long-term debt of the school district, including payments of both principal and interest. This function should be used to account for bond interest payments, retirement of bonded debt (including current and advance refundings), capital lease payments, and other long-term notes.
- 6000 Other Uses.** Activities related to interagency flow through, interfund transfers, special items, extra ordinary items, loss on disposition of capital assets, and downward adjustments to fund balance.

## Major Object Expenditures

- 100 Personal Services—Salaries.** Amounts paid to both permanent and temporary school district employees, including personnel substituting for those in permanent positions. This includes gross salary for personal services rendered while on the payroll of the school district.
- 200 Personal Services—Employee Benefits.** Amounts paid by the school district on behalf of employees (amounts not included in gross salary, but in addition to that amount). Such payments are fringe benefit payments and, although not paid directly to employees, nevertheless are part of the cost of personal services.
- 300 Purchased Professional and Technical Services.** Services that by their nature can be performed only by persons or firms with specialized skills and knowledge. Although a product may or may not result from the transaction, the primary reason for the purchase is the service provided. Included are the services of architects, engineers, auditors, dentists, medical doctors, lawyers, consultants, teachers, and accountants

- 400 Purchased Property Services.** Services purchased to operate, repair, maintain, and rent property owned or used by the school district. These services are performed by persons other than school district employees. Although a product may or may not result from the transaction, the primary reason for the purchase is the service provided.
- 500 Other Purchased Services.** Amounts paid for services rendered by organizations or personnel not on the payroll of the school district (separate from professional and technical services or property services). Although a product may or may not result from the transaction, the primary reason for the purchase is the service provided.
- 600 Supplies.** Amounts paid for items that are consumed, are worn out, or have deteriorated through use or items that lose their identity through fabrication or incorporation into different or more complex units or substances. Refer to appendix E for the criteria for distinguishing between a supply item and an equipment item. Equipment that has a cost lower than the school district's capitalization threshold (\$500) should be coded in this series instead of to a 700 series code.
- 630 Food.** Expenditures for food used in the school food service program. Food used in instructional programs is charged under object 610. Commodities are recorded at fair value and are the same amount as was recorded as revenue.
- 700 Property.** Expenditures for acquiring capital assets, including land, existing buildings, existing infrastructure assets, and equipment.
- 800 Debt Service and Miscellaneous Objects.** Amounts paid for goods and services not otherwise classified above. Examples include dues and fees, judgments against the school district, debt related expenditures/expenses, fines and penalties, taxes and assessments, and refunds of prior year revenue.
- 900 Other Items.** Used to classify transactions that are not properly recorded as expenditures/expenses but require control and reporting by the school district. Examples include interfund and intrafund transfers (including indirect costs), payments to escrow agents for defeasance of debt and discounts on the issuance of debt, net decreases in the fair value of investments, losses on the sale of capital of capital assets, flow through payments to other agencies, special items, extra ordinary items, and downward adjustments to fund balance.