

Reporting School Lunch Fund Indirect Costs in the Annual Financial Report

If a school charges indirect cost for the operation of their school lunch/food program:

The U.S. Department of Agriculture (USDA) requires the appropriate use of indirect cost rates. USDA is placing more emphasis each year to assure that these costs are not excessive and requires NDE to report the actual indirect rates used by schools that claim indirect costs. ***Please keep in mind there is no state or federal requirement for schools to charge indirect costs for their school lunch/food program.***

The following are guidelines for reporting AFR School Lunch Fund Indirect Costs:

In order to collect this information from those schools that do charge indirect costs for their school lunch/food program, coding has been added into the AFR. Indirect Costs (06-2-2100-695) identifies the amount being transferred to the General Fund. The Non-Restricted Indirect Cost Rate recorded on line 06-2-95000-000 identifies the rate that was used by the school to determine 06-2- 2100-695. Non-Restricted Indirect Cost Rate reported ***can be less but cannot exceed*** the school's reporting year Non- Restricted Indirect Cost Rate certified by NDE. Indirect Cost Rates are available at: <http://www.education.ne.gov/FOS/ASPX/IndirectCost/Default.aspx>.

To calculate the Indirect Costs to be recorded on line 06-2-2100-695 for the school's school lunch/ food program, the following object codes are added together and then multiplied by the school's reporting year Non-Restricted Indirect Cost Rate recorded on line 06-2-95000-000:

- 06-2-2100-110 Salary - Professional Staff
- 06-2-2100-140 Salary - Clerical and Cooks
- 06-2-2100-200 Employee Benefits
- 06-2-2100-400 Supplies and Materials (Excluding Food)
- 06-2-2100-600 Other Expenses

For more information, please contact Paul Haas at 402-471-3563 or paul.haas@nebraska.gov

This coding information does not impact schools that do not charge indirect costs for the school lunch/food program.

**Indirect costs are costs incurred for the joint benefit of activities and programs of a school. Accounting, payroll, utilities, janitorial services and purchasing are examples of services which typically benefit several programs of a school district and for which costs may be attributed by means of an indirect cost allocation plan.