Year-End Closing Hints & Accrual Review Emails

[Wednesday, August 5, 2026]

14. Subject: Year-End Closing Hint #14 – Indirect

Good morning,

Districts must apply the **CDE-approved Indirect Cost Rate** when charging indirect costs to restricted resources in **FY 2025-26**. This Helpful Hint outlines the required calculations, journal entries, and year-end review steps.

Before You Begin

Verify your district's approved indirect cost rate:

CDE Indirect Cost Rates

Review program-specific indirect cost limitations:

SACS Resource Query

Calculate Indirect Costs

Apply your approved indirect cost rate to **eligible expenditures**, excluding:

- **Sub-agreements (Objects 51xx)**
- **Capital Outlay (Objects 6xxx)**
- **Other Outgo/Uses (Objects 7xxx)**

Journal Entries

Within the Same Fund (Objects 7310)

Journal Entry	Coding
Debit (Charge to Program)	01-XXXX-0-0000-7210-7310-000-0000
Credit (Reimbursement)	01-0000-0-0000-7210-7310-000-0000

Between Funds (Objects 7350)

Record the appropriate **Due From / Due To** accruals.

Journal Entry	Coding
Debit (Charge – Estimated Payable)	13-53x0-0-0000-7210-7350-000-0000
Credit (Reimbursement – Estimated Receivable)	01-0000-0-0000-7210-7350-000-0000

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Reminder: Each object must **net to zero** within the fund or, for interfund charges, between funds. The **SACS TRC** will identify any out-of-balance entries.

Cafeteria Fund (93)

The Cafeteria Fund may only be charged the **lesser** of:

- The district's approved indirect cost rate; **or**
- The statewide average (**6.20% for FY 2025-26**).

Direct vs. Indirect Costs

If a program allows administrative costs to be charged **without using the indirect cost rate**, **do not** record those costs to **Objects 7310 or 7350**.

Instead:

- Charge the costs **directly to the program**; or
- Use **Objects 57XX** for direct cost allocation.

Reference: Examples of both indirect and direct cost transfers are available in **CSAM Procedure 615**.

Final Review

After posting indirect cost journal entries and performing a new **SACS Extract/Import**, review **SACS Form ICR (Exhibit A)** to verify that **no program exceeds its approved indirect cost rate**.

Helpful Reminders

- Code **Sub-agreements** to **Object 5100**. *(Only the first **$25,000 per agreement** counts toward indirect costs.)*
- Code **Staff Relations & Negotiations** to **Function 7120** so the costs are included in the indirect cost pool.
- Use **Function 7190** for **Single Audits** *(federal expenditures ≥ $500,000)*.
- Use **Function 7191** for all other audits.

Refer to the **2025-26 Unaudited Actuals Presentation**, **Slides 92–96**, for additional guidance.

If you need assistance with any of the situations above, please contact your Business Services Advisor.