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State Examiner

## INDIANA STATE BOARD OF ACCOUNTS

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### MEMORANDUM

**TO: All School Corporations**

**FROM: Tammy R. White, CPA, Deputy State Examiner**

**RE: Consolidation of Local, State, and Federal Funds in Schoolwide Programs**

**DATE: September 18, 2025**

A schoolwide program school is permitted to consolidate certain federal funds with appropriate state and local funds to upgrade the entire educational program of the school.

Fund range 4000-4010 Schoolwide Programs Consolidated Funds has been established in the Chart of Accounts to account for the consolidated funds.

The following guidance is being provided to maintain individual funds while allowing the flexibility that school wide programs offer Local Educational Agencies (LEAs) and schools when using federal funds.

Consolidating funds means the school treats funds from contributing programs as if they are a single "pool" of funds that can be used to support any activity of the schoolwide program without regard to which program contributed the specific funds used for a particular activity. Within its schoolwide plan, the school is required to identify which programs are included in its consolidation and the amount each program contributes to the consolidated schoolwide pool. This consolidation also does not change the fact that the LEA is still required to ensure that the school meets the supplement not supplant requirement as it relates to a schoolwide program. Any Federal funds not included in the consolidated schoolwide pool must be accounted for separately..

As each of the schoolwide schools spends money for activities supporting its schoolwide plan, the expenses of the schoolwide programs would be posted to the consolidated fund, including expenses that would have formerly been posted to applicable State and Local funds for the respective school(s). The corporation should establish a separate consolidated fund for each program year that is to be used in accordance with the consolidated schoolwide plan approved. The amount of local funds to be used for the schoolwide program must be properly appropriated. During the completion of the reimbursement requests, the portion of expenses allocated to the local funds would be expensed from the local funds and receipted into the consolidated fund. This will not result in a transfer from the education fund to the consolidated funds, and the codes below will be considered as exception codes for the purposes of the Form 9 so that expenses and receipts will not be double counted.

For this purpose, Expenditure Code 60650 has been established to account for disbursements from the applicable State and Local funds, along with Object Code 910. Additionally, Receipt Code 1998 has been established to account for the correlating receipts into the consolidated fund.

The amount charged to each federal program for the schoolwide program would be receipted into the consolidated fund when the reimbursement is received. The consolidated fund will be treated as a reimbursement grant; therefore, it would be possible for the consolidated fund to be overdrawn. The school corporation is required to claim reimbursement in a timely manner. Schools are to use the same receipt codes when receipting reimbursements into the consolidated fund as they would when receipting reimbursements directly into the program-specific federal funds. The portion of the reimbursement that would be allocated to each applicable federal receipt code would be determined by the amount of each program's funds that were contributed towards the expenses being reimbursed on each specific reimbursement.

The following illustrations were provided by the US Department of Education in their February 2008 non-regulatory guidance over Title I Fiscal Issues. It is the position of the State Board of Accounts that an adopting school must use one of the following methodologies to allocate expenditures, properly receipt the share of each participating program, and provide accountability for consolidated schoolwide programs.

**Methodology 1** The SEA would create a process that allows the LEA to list the program funds that each school plans to consolidate into the schoolwide program. The LEA then creates the consolidated schoolwide pool for all of the schools operating a schoolwide program within the school corporation. The program funds distributed to a school operating a schoolwide program that are included in the consolidation lose their identity and may be used for any activity consistent with the school's schoolwide plan. The LEA would draw down funds to reimburse expenditures of the consolidated schoolwide fund and charge them to each program contributing to the pool based on the proportionate shares shown in the school's adopted chart. In the example presented below, since Title I, Part A contributed 8 percent of the total funds in the pool, the LEA would know that 8 percent of the expenditures made from the pool should be attributed to Title I, Part A.

The US Department of Education acknowledges that State accounting guidelines generally require that an LEA can identify expenditures for the entire consolidated pool by functional categories (Salaries, Supplies, Travel, etc.); however, they provide an LEA would not be required to track the expenditures of each functional category to the specific program within the consolidated pool.

Programs Contributing Funds to the Consolidated Schoolwide Pool						
School Building	Federal Funds				State and Local Funds	Total for Each Building
	Title I - A Disadvantaged	Title II-A Improving Teacher Quality	Title IV-A Safe and Drug Free Schools	IDEA- B		
A	\$182,535	\$25,000	\$10,685	\$94,462	\$2,048,115	\$2,360,797
B	115,455	25,000	20,071	27,709	1,380,884	1,569,119
C	181,780	25,000	23,686	69,272	1,940,161	2,239,899
D	141,900	110,437	22,351	93,202	1,999,902	2,367,792
E	229,460	110,437	27,546	61,715	1,936,291	2,365,449
F	169,860	110,437	23,796	54,158	1,525,307	1,883,558
Total Funds LEA Distributes to Individual Schools	1,020,990	406,311	128,135	400,518	10,830,660	12,786,614
Percent of Total	8%	3%	1%	3%	85%	100%

In these second and third examples, the US Department of Education portrays what this would look like at a single school. Though the program funds within the consolidated schoolwide pool lose their identity and can still be used for any activity consistent with its schoolwide plan, the LEA still attributes expenditures of those funds back to a specific program regardless of what services those funds support.

Methodology 2 The LEA can allocate all building schoolwide program expenditures based on the program revenues coming into the building that are budgeted for schoolwide activities. Once again, expenditures are allowable without regard to whether they support the program that generated the funds when they are incurred to support the schoolwide plan. The same principle applies as in the first methodology in that an LEA would not be required to track the expenditures of each functional category to the specific program within the consolidated pool. The example below demonstrates how expenditures would be allocated and reimbursed if the school corporation adopted the following chart within their consolidated schoolwide plan using methodology 2.

Source of Funds	Revenues	Percent of Total	Expenditures
Total	\$1,000,000	100.0%	\$950,000
State and Local Funds (included in schoolwide program)	520,000	52.0%	494,000
Federal Programs (included in schoolwide program)			
Title I, Part A	240,000	24.0%	228,000
Title II, Part A -- Improving Teacher Quality	40,000	4.0%	38,000
IDEA Part B (Special Education) *	50,000	5.0%	47,500
Title V, Part A	70,000	7.0%	66,500
Carl D. Perkins Career and Technical Education Act	80,000	8.0%	76,000

The first two lines of the table read: Of the \$1,000,000 included in the consolidated schoolwide pool for the school building, \$520,000 (52 percent) is from State and local sources and \$240,000 (24 percent) is from Title I, Part A. Thus, 52 percent (\$494,000) of the expenditures are attributed to State and local sources and 24 percent (\$228,000) to Title I, Part A.

Methodology 3 The LEA can charge 100 percent of all employee and non-employee schoolwide expenditures in a school building to the contributing funds and programs in a specific order approved within the schoolwide plan. In the example below, expenditures are allocated first to State and Local Sources, and then to Title I, Part A and then the other Federal programs listed in order until these funds are spent entirely or until the maximum carryover is all that remains unexpended. The LEA may attribute both employee and non-employee expenditures to particular fund sources regardless of whether they support the fund source as long as the expenditures support the schoolwide plan. This example is congruent with the other two methodologies in that an LEA would not be required to track the expenditures of each functional category to the specific program within the consolidated pool.

Source of Funds	Revenues	Total Expenditures (\$950,000) Charged to Federal, State, and Local Programs	Amount Remaining
Total Included in Schoolwide Consolidated Pool	\$1,000,000		
State and Local Sources	520,000	- \$520,000	
Title I, Part A	240,000	- 240,000	
Title II, Part A -- Improving Teacher Quality	40,000	- 40,000	
IDEA Part B (Special Education) *	50,000	- 50,000	
Title V, Part A	70,000	- 70,000	
Carl D. Perkins Career and Technical Education Act	80,000	- 30,000	50,000

This table reads: Of the \$950,000 expended from the consolidated schoolwide pool for the school building, the first \$520,000 in expenses is charged to State and local sources; the next \$240,000 is charged to Title I, Part A; and the next \$40,000 is charged to Title II, Part A. \$50,000 remain available for expenditure in the following year from the Carl D. Perkins Career and Technical Education Act program.

As seen in the examples above, a schoolwide program school may consolidate funds it receives under IDEA; however, there is a cap on the amount that can be contributed to the consolidated pool. The contribution is limited to the portion calculated for the students with disabilities that are participating in the schoolwide program. This is calculated by taking the amount of IDEA Part B funds received by the LEA for the fiscal year, divided by the number of children with disabilities within the LEAs jurisdiction, and then multiplied by the number of children with disabilities participating in the schoolwide program. A school that consolidates funds under Part B of the IDEA or section 8003(d) of the ESEA may use those funds in its schoolwide program for any activities under its schoolwide program plan but must comply with all other requirements of Part B of the IDEA to the same extent as it would if it did not consolidate funds under Part B of the IDEA or section 8003(d) of the ESEA in the schoolwide program.

Additionally, a schoolwide program school may consolidate funds received from discretionary grants and formula grants. If the school opts to consolidate these funds, though they would not need to account separately for specific expenditures of the consolidated discretionary and formula funds, they still must carry out the activities described in the application under which these discretionary and formula funds were awarded. The US Department of Education recommends that an LEA indicate in its application for discretionary funds that some or all funds would be used to support a schoolwide program and described its activities accordingly.

Since schoolwide programs are not separate federal programs as defined in 2 CFR section 200.42, expenditures of federal funds consolidated in schoolwide programs should be included in the audit universe and the total expenditures of the programs from which they originated for purposes of completing the Schedule of Expenditures of Federal Awards (SEFA). Each program that is consolidated must still be reported on the SEFA separately, based upon the percentage of dollars that the respective program paid into the consolidated fund. A footnote to the SEFA showing, by program, amounts consolidated in schoolwide programs is encouraged. Below is an example of a possible footnote.

Note \_ SCHOOLWIDE PROGRAMS

The School Corporation operates a "schoolwide program" in four elementary school buildings. Using federal funding, schoolwide programs are designed to upgrade an entire educational program within a school for all students, rather than limit services to certain targeted students. The following federal program amounts were expended by the school corporation in its schoolwide program: Title 1 (84.010) (\$ dollar amount).

JW/TH