

Arizona Charter Schools Program
Annual Funding Application for Grants Management
Allowed Costs and Function and Object Codes Guide



Allowed costs are defined by law in ESEA Title IV, Part C, 4303

(h) LOCAL USES OF FUNDS.—An eligible applicant receiving a subgrant under this section shall use such funds to support the activities described in subsection (b)(1), which shall include one or more of the following activities: (1) Preparing teachers, school leaders, and specialized instructional support personnel, including through paying the costs associated with— (A) providing professional development; and (B) hiring and compensating, during the eligible applicant’s planning period specified in the application for subgrant funds that is required under this section, one or more of the following: (i) Teachers. (ii) School leaders. (iii) Specialized instructional support personnel. (2) Acquiring supplies, training, equipment (including technology), and educational materials (including developing and acquiring instructional materials). (3) Carrying out necessary renovations to ensure that a new school building complies with applicable statutes and regulations, and minor facilities repairs (excluding construction). (4) Providing one-time, startup costs associated with providing transportation to students to and from the charter school. (5) Carrying out community engagement activities, which may include paying the cost of student and staff recruitment. (6) Providing for other appropriate, non-sustained costs related to the activities described in subsection (b)(1) when such costs cannot be met from other sources.

Charter Schools [Nonregulatory Guidance](#) also provides information on the use of funds.

Why you must keep your Funding Application current: Aligning your Funding Application with your Reimbursement Requests



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Your Funding Application is your spending plan to obligate federal funds to fulfill your project. It is not a vague target document of intention but an accurate reflection of your spending. Therefore, you must continuously revise your application as your plans change. If your requested revisions align with your overall application and if your requests are reasonable, necessary, and allocable within federal regulation and guidance, they will be approved.

Your Funding Application does not require a list of every intended expenditure. However, you must keep an internal journal of your obligations, and it should closely align with your Funding Application.

Prior Approval Requests:

Travel: Travel costs are allowable with the prior written approval of the Federal awarding agency or pass-through entity when they are specifically related to the Federal award. Listing the intended travel in your Funding Application will suffice. If travel plans change, revise your FA. If AZCSP needs more clarifying information, we will contact you.

[2 CFR §200.747 Travel Costs](#)

Describe your travel in the Funding Application. Information needed is where you are going, a brief description of purpose. Conference fees are entered into **Object Code 6300**. The **Function Code** may be either school site support level **2100** or administrative level **2300** depending on the purpose of the travel.

Actual travel expenses, airfare, car rental, hotel, per diem expenses, are entered into **Object Code 6500**.

Capital Expenditures: Capital equipment item more than \$10,000 must receive permission from AZCSP Director before ordering. **DO NOT USE 8700** lines in the GME Funding Application. Charter school capital expenditures are entered on **Line 0190**. Use the Capital Expenditure Worksheet when preparing the entry and submit the worksheet to AZCSP Director for approval before your Funding Application submission to GME.

2 CFR §439 Equipment and Capital Expenditures



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“(2) Capital expenditures for special purpose equipment are allowable as direct costs, provided that items with a unit cost of \$10,000 or more have the prior written approval of the Federal awarding agency or pass-through entity.”

For Charters: The Capital Outlay Worksheet is required if any budgeted item is coded as 0190. If there are no capital items to declare, this can easily be bypassed when completing the funding application.

Items and services not capital over \$10,000:

Maintain in your records that you performed due diligence in seeking the best value for purchased items from a vendor whose total expenditure is \$10,000 or more. Multiple price quotes are enough. You are not required to use the lowest bid; however, you must be able to justify why you selected that vendor.

General Procurement Guideline: Federal grants are subject to federal procurement law and regulation. Even if you seek relief from state procurement law from the Arizona State Board for Charter Schools, that relief does not excuse your federal grants from that exemption. That includes AZCSP.

2 CFR §200.217: “When procuring property and services under a Federal award, a State must follow the same policies and procedures it uses for procurements from its non-Federal funds. The State will comply with §§200.321, 200.322, and 200.323 and ensure that every purchase order or other contract includes any clauses required by §200.327. All other non-Federal entities, including subrecipients of a State, must follow the procurement standards in §§200.318 through 200. 327.”

AZCSP awarded charter schools are considered non-federal entities.



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Arizona State procurement guidance: Arizona Procurement law is found in ASRS §41-2501, et. al. Cost threshold guidelines are found in Arizona Administrative Code, R2-7-D301 et.al. *See below.*

Costs between \$10,000 and \$100,000: Procurements that do not exceed an aggregate dollar amount of \$100,000 are governed by A.R.S. § 41-2535(A), and the rules promulgated thereunder, A.A.C. R2-7-D301 to -D305. The Administrative Code provides specific procedures for handling purchases estimated to cost between \$10,000 and \$100,000. See A.A.C. R2-7-D302 to -D303. These rules require the agency chief procurement officer to issue a request for quotation unless the purchase is not expected to exceed \$10,000 or may be made off an existing state contract or through a set-aside organization as defined in the Procurement Code, or if the agency chief procurement officer makes a written determination that competition is not practicable under the circumstances. A.A.C. R2-7-D301.

Costs less than \$10,000: Purchases of \$10,000 or less, the agency chief procurement officer may, but is not required to, use a request for quotation. The agency's chief procurement officer shall use reasonable judgment in awarding contracts for \$10,000 or less and in determining that such contracts are advantageous to the state. A.A.C. R2-7-D304. Purchases of \$5,000 or less have similar requirements and are governed by A.A.C. R2-7-D305.

AZCSP Allowable Costs and of Object and Function Codes and a note about the guide format

- The purpose of this guide is to help you accurately determine if an expenditure is allowable and which Object and Funding Codes to use in your AZCSP Grants Management Funding Application.
- A comprehensive list of codes is found in the [AZ Auditor General Uniform System of Financial Records Charter School](#).



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- If an item or service is not listed in this document, contact your AZCSP grant team. They can help determine if a cost is allowable within the program and will help with correct Object and Function code entry.
- Some costs are never allowable within the CSP grant program. A list of unallowable costs begins on pages 15 of this guide.
- The first column throughout the Table is SUPPLIES, EQUIPMENT, SERVICES. The last two columns are Object Function codes. Please note that when you start the Grants Management Funding Application, its format is different from this table.
- The table has multiple sections:
 - OPERATIONS of SCHOOL IN PLANNING PHASE
 - INSTRUCTIONAL SUPPORT IN IMPLEMENTATION PHASE
 - CLASSROOM SUPPORT IN IMPLEMENTATION PHASE

OPERATIONS of SCHOOL IN PLANNING PHASE				
SUPPLIES, EQUIPMENT, SERVICES EXPENDITURES	PURPOSE/DESCRIPTION	ACCEPTABLE JUSTIFICATION EXAMPLES NOTES	OBJECT CODE	FUNCTION CODE
Dues and Fees Association Fees	School Association fees or dues for membership.	First-year annual fees/dues ONLY; renewal dues are not allowable.	6800	2300
Insurance and Bond Premiums	Insurance prepaid for up to one year. <i>ALLOWABLE TYPES:</i>	Must provide an effective date which is no earlier than 3 months prior to school opening date. Cost allowable one-time ONLY during Planning OR Implementation I (not allowable in both phases).	6500	2100



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Insurance	Property, officers and directors' liability, fidelity bond, commercial liability, employee liability.			
Accounting	Financial accounting to keep track of grant	Ends August 1 of Implementation year	6300	2300
Phone and internet service	Fees for phone and internet service	Ends August 1 of Implementation year	6300	2300
Furniture, Fixtures, and Equipment Administrative Furniture	Front office furniture. <i>Desks, chairs, tables, fireproof filing cabinets.</i>	High-priced or unusual equipment: attach product specifications for <i>example</i> item. For classroom furniture, see <u>Classroom Level</u> . For school library, media center, and computer lab furniture, see OPERATIONS OF SCHOOL IN IMPLEMENTATION PHASE .	6600	2300
Computer Hardware Administrative Technology – Purchase and Rental	Electronic devices capable of reading, processing, and executing software programs. Includes peripherals and expansions <i>EXAMPLES: Front desk desktop, central printer, central copier, visitor registration hardware, inventory hardware, principal computer, and printer</i>	High-priced or unusual equipment: attach product specifications for <i>example</i> item.	6600	2300
Administrative Communication	<i>Computers, printers, telephone, general office equipment</i>	High-priced or unusual equipment: attach product specifications for <i>example</i> item.	6600	2300
Communication Postage	Postage for promotional mailing to promote new school programs and basic Planning functions	Must be part of the marketing plan High costs must be supported by the marketing plan	6500	2500
Other Purchased Services	Informational materials and intangible items and services to educate the community about the charter school mission, program, contacts, registration process, lottery, and performance	Must provide outreach plan. Consultant (outreach professional, web designer, etc.) costs must be accompanied by documentation including	6300	2300



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Outreach and Recruitment	outcomes and to recruit leadership, instructional and professional personnel. <i>EXAMPLES: Design and printing of brochures and postcards, radio spots, exterior school signage, television ads, website design, newspaper ads, and outreach consultant.</i>	the scope of services/deliverables or expectation of outcomes. All outreach materials must include registration information and state that the school is a tuition-free public charter school. Materials must be specific to school. Program office may require pre-product proof to verify compliance. Promotional gift items are not allowable. Staff tee shirts and other gift items are not allowable School signage may not comprise a capital improvement (i.e. cannot be permanent). Materials must be fully distributed during the grant period.		
Advertising	Cost of Mailers, TV, Radio, Social media, Banners	All materials are predesigned. Must support the execution of the activity, design, or strategy	6500	2300
Professional and Technical Services Professional Services and Consulting	Costs for services related to start-up expenses and organization development. <i>EXAMPLES: Legal costs for lease and charter contract negotiations, bylaws, and policies; Consulting fees to develop organization policies and business plan, accounting/auditing professional to develop internal controls, accounting systems, and the development of auditable financial processes/financial reporting.</i>	Scope of services/deliverables and/or expectation of outcomes. Cost allowable one-time ONLY during Planning OR Implementation (not allowable in both phases).	6300	2300
Rental Office Rent	Lease or rent payment for office space during Planning only.	Office lease (uploaded as a Required Document) must include effective dates, rent, and facility address. Home office expense is disallowed.	6400	2300



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Salaries Essential Staff Salaries and Benefits	Amount paid to employees of the school essential during the pre-opening period.	Allowable for school developer and essential staff during Planning Phase. Support ends on August 1 of the Implementation year.	6100	2300
	Benefits for the above-mentioned salaries.	A minimum of 7.65% for FICA withholding.	6200	2100
Travel Travel, Lodging, and Registration	Travel costs for Principal and Board to attend conferences and training. <i>EXAMPLES: Travel related expenses to attend training and professional development, site visits to other charter schools.</i>	For travel records: Agenda or syllabus. Scope of services/deliverables, and/or expectation of outcomes for training. Must include dates and duration, number of staff to receive training. Additional justification may be requested for out-of-state travel, at extraordinary costs. Schools must use the most economical travel	6500	2300
	Registration for staff to attend training and professional development.	Conference registration fee.	6300	2100

OPERATIONS OF SCHOOL IN IMPLEMENTATION PHASE				
SUPPLIES, EQUIPMENT, SERVICES EXPENDITURES	PURPOSE/DESCRIPTION	ACCEPTABLE JUSTIFICATION EXAMPLES ➤ NOTES	OBJECT CODE	FUNCTION CODE
Rental Facility Rent	Mortgage, lease, or rent payment for school facility.	School lease (uploaded as a Required Document) must include effective dates, rent, and facility address. Cost allowable one-time ONLY up to 3 months <u>prior</u> to school opening date.	6400	2300



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Professional and Technical Services Technology Installation	Costs associated with the installation of instructional networks and hardware. <i>EXAMPLES:</i> <i>Installation of classroom interactive systems, wiring computer lab, installation and wiring of school-wide wireless network.</i>	Scope of services/deliverables, including cost breakdown. Capital improvements are not allowable.	6300	2300
Professional and Technical Services Instructional Staff Training Stipends and Benefits	Training stipends for instructional staff designed to contribute to their professional or occupational growth and competence. <i>EXAMPLES:</i> <i>Stipends for in-service training, professional development, conferences, workshops, demonstrations, school visits to other charter schools.</i>	Scope of services/deliverables and/or expectation of outcomes for training. Must include dates and duration, number of staff to receive training. Additional justification may be requested for out-of-state travel, and extraordinary costs. If travel is included, school must use the most economical travel arrangements.	6100	2100
	Benefits for the above-mentioned stipends.	A minimum of 7.65% for FICA withholding.	6200	2100
Computer Software Administrative software – Purchase and Rental	Administrative software programs. May be delivered online or disc. <i>EXAMPLES: Inventory software, visitor registration, software, office suite license fees for front desk and administration, attendance software</i>	For all administrative software, product specifications which describe the scope of services to be delivered to the program. Must include duration of subscription/license (if applicable)	6600	2300
Professional and Technical Services Purchased	Purchased services which are designed to aid in developing curriculum and understanding techniques for instruction.	Scope of services/deliverables and/or expectation of outcomes	6300	2300



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Instruction and curriculum Development	<i>EXAMPLES: consulting fees to develop program goals and objectives, assessment tools, curriculum.</i>			
Computer Software School Library/ Media Center Software – Purchase and Rental	Centralized library/media center software/programs. May be delivered online or via tangible device (disc). <i>EXAMPLES</i> <i>Circulation software, digital collections management.</i>	For all software, product specifications which describe the scope of the services to be delivered by the program. Must include duration of subscription/license (if applicable). For administrative software, up to 3 months <u>prior</u> to school opening date. For classroom software, see Classroom Level. Renewals are not allowable.	6600	2100
Computer Software Computer Lab Software – Purchase and Rental	Dedicated computer lab software/programs. May be delivered online or via tangible device (disc). <i>EXAMPLES:</i> <i>Computer science program, office software suite, graphics software, publishing software, internet tools.</i>	Product specifications which describe the scope of the services to be delivered by the program. Must include duration of subscription/license (if applicable). For administrative software, up to 3 months <u>prior</u> to school opening date. For classroom software, see CLASSROOM OPERATION . Renewals are not allowed.	6600	2100



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Library Books School Library/ Media Center Books	Books for use in centralized school library/media center. May be used as non-circulating reference or for student and teacher check-out. <i>EXAMPLES:</i> <i>Encyclopedia sets, fiction and non-fiction books, novels, book series, book sets.</i>	May include electronic media (e-books). If electronic media takes the form of annual subscription/renewable license, renewals are not allowable. For books to be housed in individual classrooms, see CLASSROOM OPERATION.	6600	2300
Library Books School Library/ Media Center Books	Books for use in centralized school library/media center. May be used as non-circulating reference or for student and teacher check-out. <i>EXAMPLES:</i> <i>Encyclopedia sets, fiction and non-fiction books, novels, book series, book sets.</i>	May include electronic media (e-books). If electronic media takes the form of annual subscription/renewable license, renewals are not allowable. For books to be housed in individual classrooms, CLASSROOM OPERATION	6600	2100
Computer Hardware School Library/ Media Center Technology	Electronic devices capable of reading, processing and executing software programs. Includes peripherals and expansions. <i>EXAMPLES:</i> <i>Desktops, circulation/check-out hardware.</i>	High-priced or unusual equipment: attach product specifications for <i>example</i> item. Costs may not include monthly service fees. For classroom hardware, see CLASSROOM OPERATION. For administrative computers and peripherals, see Operations of School.	6600	2100
Computer Hardware Computer Lab Technology	Electronic devices capable of reading, processing and executing software programs. Includes peripherals and expansions. <i>EXAMPLES:</i> <i>Desktops, docking stations, laptops, monitors, printers.</i>	High priced or unusual equipment: attach product specifications for example item. For centralized (volume) printers, up to 3 months <u>prior</u> to school opening date. For classroom software, see CLASSROOM OPERATION. For administrative computers and peripherals, up to 3 months <u>prior</u> to school opening date. Costs may not include monthly services.	6600	2100



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Furniture, Fixtures and Equipment Computer Lab Equipment	Non-computer hardware for dedicated computer lab use. Durable goods with a reasonable life expectancy of over a year. <i>EXAMPLES:</i> <i>Document cameras, projectors, audio amplification.</i>	High priced or unusual equipment: attach product specifications for example item. For front office/admin equipment, up to 3 months <u>prior</u> to school opening date. For classroom equipment, see CLASSROOM OPERATION .	6600	2100
Furniture, Fixtures and Equipment Playground Equipment Bleachers	Playground structures and equipment. * <i>EXAMPLES:</i> Playscapes, tetherball sets, swing sets, portable basketball hoops. *NOTE: CSP Non-Regulatory Assurances must be met prior to approval of budget request.	Must include product specifications for example item. Equipment must be a part of daily student curriculum. <i>Cannot be permanently affixed to the building/facilities</i> <i>Ground cover, enclosures (fencing, landscape border) are not allowable.</i> <i>Capitalized improvements are not allowable.</i> <i>Costs associated with construction activities (engaging an architect, engineer, landscape architect) are not allowable.</i>	6600	2100
Furniture, Fixtures and Equipment School Library/ Media Center Equipment	Non-computer hardware for centralized school library/media center use. Durable goods with a reasonable life expectancy of over a year. <i>EXAMPLES:</i> <i>DVD players, listening stations, paper cutters, label makers, binding equipment, book carts.</i>	High priced or unusual equipment: attach product specifications for example item. For front office/admin furniture, up to 3 months prior to school opening date. For classroom library furniture, see CLASSROOM OPERATION .	6600	2100
Furniture, Fixtures and Equipment School Library/ Media Center Equipment	Furniture and fixtures for centralized school library/media center use. <i>EXAMPLES:</i> <i>Desks, chairs, tables, bookshelves, book return, circulation desk, dictionary stands, book displays, podiums.</i>	High priced or unusual equipment: attach product specifications for example item. For front office/admin furniture, up to 3 months prior to school opening date. For classroom library furniture, see CLASSROOM OPERATION .	6600	2100



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CLASSROOM OPERATION IN IMPLEMENTATION PHASE				
SUPPLIES, EQUIPMENT, SERVICES EXPENDITURES	PURPOSE/DESCRIPTION	ACCEPTABLE JUSTIFICATION EXAMPLES ➤ NOTES	OBJECT CODE	FUNCTION CODE
Computer Hardware Classroom Level Technology	Electronic devices capable of reading, processing and executing software programs. Includes peripherals and expansions. <i>EXAMPLES:</i> <i>Laptops, desktops, tablets, servers, wireless access points, charging carts, classroom-level printers.</i>	★ High-priced or unusual equipment: attach product specifications for <i>example</i> item. ➤ Costs may not include monthly service fees. ➤ For centralized (volume) printers, see Operations of School. ➤ For school library, media center, and computer lab hardware, see Instructional Support. ➤ For administrative computers and peripherals, see Operations of School.	6600	1000
Textbooks Textbooks and curriculum	Textbooks and curriculum can include textbook binding. <i>EXAMPLES:</i> <i>Textbooks, supplemental instructional aids, curriculum packages.</i>	For packages (bundles, kits, etc.): attach example product specifications which must document quantities of items included. May include electronic media (e-books). If electronic media takes the form of annual subscription/renewable license, renewals are not allowable. May include workbooks (see also Materials and Supplies). For books to be housed in a central library or media center, see Instructional Support.	6600	1000



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Library Books Classroom Library Books	Books for use in individual classroom libraries. May be used as non-circulating reference or for student and teacher check-out. <i>EXAMPLES:</i> <i>Encyclopedia sets, fiction and non-fiction books, novels, book series, book sets.</i>	May include electronic media (e-books). If electronic media takes the form of annual subscription/renewable license, renewals are not allowable. For books to be housed in central library or media center, see Instructional Support.	6600	1000
Furniture, Fixtures and Equipment Classroom Equipment	Non-computer hardware for instructional use. Durable goods with a reasonable life expectancy of over a year. May also include durable instructional equipment for special classes. <i>EXAMPLES:</i> <i>Projectors, screens, document cameras, audio amplification, DVD players.</i> <i>Special classes: teaching clocks, microscopes, musical instruments, physical education equipment.</i>	★ High-priced or unusual equipment: attach product specifications for <i>example</i> item. Special Classes: Course listing which demonstrates specific class is part of daily curriculum. ➤ For school library, media center, and computer lab equipment, see Instructional Support.	6600	1000
Materials and Supplies Classroom-level Consumable Supplies	Student workbooks, testing instruments, expendable items which are consumed as they are used. May include items with a reasonable life expectancy of less than a year. <i>EXAMPLES:</i> <i>Workbooks, testing materials, paper, pencils, toner. Student headphones, non-scientific/basic calculators.</i>	Can be grouped into single line item with attached sample list NOTE: supplies or materials beyond reasonable start-up costs may be considered <u>recurring expenses</u> and may be unallowable.	6600	1000



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Computer Software Instructional Software – Purchased and Rental	Instructional software/programs. May be delivered online or via tangible device (disc). <i>EXAMPLES</i> <i>Supplemental literacy programs, virtual instruction systems, tutoring programs.</i>	For all software, product specifications which describe the scope of the services to be delivered by the program. Must include duration of subscription/license (if applicable). For administrative software, see Operations of School. For computer lab and library/media center software, see Instructional Support. <i>Renewals are not allowable.</i>	6600	1000
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UNALLOWABLE COSTS	
GENERAL CATEGORY	UNALLOWABLE COSTS WITHIN AZCSP GRANT PROGRAM OTHER CONDITIONS IMPACTING ALLOWABILITY
Activities	• Field Trips • Extracurricular activities, programs, etc. • Athletic (team/afterschool) equipment
Apparel	• Student uniforms • Athletic & extracurricular uniforms and costumes • Staff uniforms
Capital Improvements	• Addition of permanent structural improvement or restoration of some aspect of a property that will either enhance the property's overall value or increase its useful life
Construction	• Construction of new facility • Construction on existing facility • Building renovations, refurbishments, and restoration • Activities for which an architect and/or engineer must be utilized



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Supplies	• Cleaning supplies • Cafeteria/food service supplies
Food	• Food • Beverages
Incentives	• Gift certificates • Food • Alcoholic beverages • Awards and gifts
Lobbying	• Lobbying or related expenses
Promotional Items	• Promotion materials (often imprinted) such as T- shirts, banners, pencils, pens, balloons, and notepads <u>PROMOTIONAL ITEMS ARE NOT ALLOWABLE UNDER ANY CATEGORY, INCLUDING OUTREACH AND RECRUITMENT</u>
Professional Fees	• Accounting, auditing, and legal fees <u>not</u> related to organizational start-up during Planning
Recruitment	• Placement fees (employment advertising is allowed)
Indirect Cost	• AZCSP Indirect Costs are disallowed throughout the life of the grant. Enter \$0.00 in Budget Line 6910. Delete any pre-populated amount from ADE GME.

Recurring Expenses	• Rent/leases on or after first day of school • Operating expenses and utilities, equipment leases, monthly and annual contracts • Software license renewals • Fees such as monthly insurance and payroll services, management company fees, service contracts, trash disposal, gas/electric/phone/water/utilities, cell phones, etc.
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Renovations	• Structural (roofing, wall repair, electrical wiring/rewiring) • Room additions • Fixed partitions • Security (fences, alarms, cameras) <i>Wireless cameras and security systems that are not built into the hard infrastructure of the school are allowed.</i> • Painting • Carpeting • Landscaping
Salaries	• No salaries or related fringe benefits for contracted teaching or administration after August 1 Implementation year.
Student	• Student membership fees • Student conferences
Technology	• No electrical installation or modification to room dividers or existing walls, floors, ceilings, or structural elements. • <i>Installation of computer network cabling is only allowable when not already present and may not comprise a capital improvement to the property.</i>
Travel	• Travel costs must comply with the Arizona Department of Administration policies.