

THE SCHOOL ADMINISTRATOR

and Uniform Compliance Guidelines
ISSUED BY STATE BOARD OF ACCOUNTS

Volume 186

June 2009

ITEMS TO REMEMBER

JUNE

- June 1: Prove the Fund Ledger and Ledger of Receipts for the month of May to the control of all funds and reconcile the control with the depository statement. Prove all receipt accounts for each fund to total receipts for that fund. Prove the Ledger of Appropriations, Allotments, Encumbrances, Disbursements, and Balances to the total disbursements of the control account of the Fund Ledger. Prove all expenditure accounts within each program to the total disbursements of that program.
- June 20: Last day to report and make payment of state and county income tax withheld during May to the Department of Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 180, December 2007, of The School Administrator and Uniform Compliance Guidelines.)
- June 30: Close out all payroll deduction clearing accounts. Balance and close the Fund Ledger and Ledger of Receipts for the school year and reconcile with depositories. Total the Ledger of Appropriations, Allotments, Encumbrances, Disbursements, and Balances (January 1 to June 30). Close the ledger for the school year and prove to the Fund Ledger.

School board members taking office in July, file certified copy of oath in the circuit court clerk's office of the county containing the greatest percentage of population of the school corporation. (IC 5-4-1-4)

JULY

- July 1: Open a Fund Ledger and Ledger of Receipts for the next school year by entering the balance of each fund as determined and proved for June 30. Open a Ledger of Appropriations, Allotments, Encumbrances, Disbursements, and Balances for the next school year by entering in each program account the balance of unexpended appropriations, and by entering in each expenditure account within each program, the balance of the unexpended allotment.
- July 4: Independence Day - Legal Holiday. (IC 1-1-9-1)
- July 20: Last day to report and make payment of state and county income tax withheld during June to Department of Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 180, December 2007, The School Administrator and Uniform Compliance Guidelines.)
- July 31: Last day to file Federal Quarterly Report, Form 941, with the Internal Revenue Service for federal and social security taxes for the second quarter.

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AUGUST

- August 1: Prove all ledgers for the month ending July 31 as outlined for the month of June.
- August 2 Last day for first publication of proposed tax rate, levy, and budgets for school corporations. Also first notice of public hearing on ensuing year's budget. (10 days before the public hearing) IC 6-1.1-17-3.
- August 9 Last day for second publication of proposed tax rate, levy, and budgets for school corporations. Also second notice of public hearing on ensuing year's budget. (3 days before the public hearing) IC 6-1.1-17-3.
- August 12 1st possible date for public hearing on the proposed budget.
- August 15: Not earlier than August 1 or later than August 15 the secretary of the board of school trustees is to publish an annual financial report, in accordance with IC 5-3-1-1 et seq.
- August 20: Last day to report and make payment of state and county income tax withheld during July to Department of State Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 180, December 2007, The School Administrator and Uniform Compliance Guidelines.)
- NOTE: See the September "The School Administrator and Uniform Compliance Guidelines" for additional budget dates or call the Department of Local Government Finance at 317-232-3773.

Prior to September 1 of each year, the superintendent of each school corporation shall cause to be made to the Office of the State Fire Marshal an inspection report of all heating systems and supporting fuel lines used for school purposes. (IC 20-26-7-28)

NONSESSION SCHOOL ACTIVITIES

The program formerly known as the summer recreation program is now titled Nonsession School Activities.

IC 20-30-15-6 states "(a) When public schools are not in session, a governing body may employ personnel to supervise the following: (1) Agricultural education club work. (2) Industrial education club work. (3) Home economics education club work. (4) Music activities. (5) Athletics. (b) Activities described in subsection (a) **must be open and free to all individuals of school age residing in the attendance unit of the school corporation** that is paying all or part of the cost of the activity." Our Emphasis

IC 20-30-15-7 states "An individual employed under this chapter shall enter into a contract with the governing body for the period of employment. The contract must contain the following terms: (1) The amount of work to be performed. (2) The kind of work to be performed. (3) The length of the period of employment. (4) The rate of compensation agreed on by the employee and the governing body. (5) The total amount to be paid. A contract entered into under this section is not a teaching contract or an extension of a teaching contract. An individual with a teaching contract during periods when school is not in session may not be employed under this chapter for any period included in the teaching contract."

The appropriation should be in the Community Services category with allotment for expenditure to be provided in Account 33200, Community Recreation.

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SUMMER SCHOOL RETIREMENT DEDUCTIONS

IC 20-28-6-7 states in part "The supplemental service teacher's contract shall be used when a teacher provides professional service in evening school or summer school employment, except when a teacher or other individual is employed to supervise or conduct noncredit courses or activities." We understand that deductions for teacher retirement must be made from all payments to teachers who are serving on a supplemental service teacher's contract. These deductions shall be reported and paid to the Teacher's Retirement Fund. We suggest any and all questions pertaining to Teacher's Retirement be directed to the Teacher's Retirement Fund at 317-232-3860 or 888-286-3544.

ANNUAL REPORT OF EXTRA-CURRICULAR TREASURERS

IC 20-41-1-3 states in part "(a) A person who has charge of the collection, custody, and disbursement of funds collected and expended to pay expenses incurred in conducting any athletic, social, or other school function, the cost of which is not paid from public funds, shall: (1) keep an accurate account of all money received and expended, showing the: (A) sources of all receipts; (B) purposes for which the money was expended; and (C) balance on hand; and (2) file a copy of the account with the township trustee, board of school trustees, or board of school commissioners within two (2) weeks after the close of each school year." Forms SA5-1 to SA5-4 inclusive have been prescribed by the State Board of Accounts for compiling the report. The superintendent of the school corporation should see that each extra-curricular treasurer and principal completes and files the report in accordance with the law.

SEVERANCE BENEFITS

IC 20-28-9-19 states "(a) If a governing body of a school corporation agrees to a retirement, savings, or severance pay plan with a teacher or with an exclusive representative under IC 20-29, the benefits may be paid to: (1) the teacher who is eligible under a negotiated retirement, savings, or severance pay plan; or (2) in the case of the teacher's death: (A) the teacher's designated beneficiary; or (B) the teacher's estate, if there is no designated beneficiary. Payments may be made in a lump sum or in installments as agreed upon by the parties or to a savings plan established under IC 5-10-1.1-1(2). (b) Notwithstanding IC 6-1.1-20, the payments under this section shall be made from the general fund of the school corporation and may be made for a period exceeding one (1) year." Therefore, we are of the audit position that severance payments may be paid in installments. We would suggest that you receive guidance from the Internal Revenue Service when considering deferring any payments beyond the current school year. Furthermore, we would still recommend from an accounting simplification position and from the School Corporation's standpoint, that consideration be given to providing a lump sum payment at the end of the last teacher's contract, which could simplify required withholdings for a treasurer by keeping all earnings in the same contract year.

APPRECIATION STIPENDS - BONUSES

Official Attorney General Opinion 89-5, issued February 24, 1989, provides the following conclusion: "Indiana school corporation are not currently authorized by statute to pay certified and noncertified employees "appreciation stipends," "bonuses," or other compensation, regardless of the nomenclature used, in addition to compensation or benefits agreed to or fixed by contract or salary schedule, except additional salaries to be paid for continuing education pursuant to Indiana Code Chapter 20-6.1-1 and the annual stipend to be paid to mentors by the State pursuant to Indiana Code Chapter 20-6.1-8." However, please see "The School Administrator and Uniform Compliance Guidelines" Volume 184 and IC 20-26-3-1 et seq. concerning School Corporation Home Rule.

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TRAVEL EXPENSE

The statute which deals with the expense of travel for school corporation personnel, both officers and employees, may be found in IC 20-26-5-4, the General School Powers Act. Section (9) states in part . . . " when the governing body by resolution considers a trip by an employee of the school corporation or by a member of the governing body to be in the interest of the school corporation, including attending meetings, conferences, or examining equipment, buildings, and installation in other areas, to permit the employee to be absent in connection with the trip without any loss in pay and to **reimburse** the employee or the member the employee's or member's **reasonable lodging and meal expenses and necessary transportation expenses**. (Our Emphasis)

The State Board of Accounts has been advised of occasions where side trips, excursions, cruises, concerts, etc., are scheduled to immediately precede, succeed or coincide with a meeting, conference or trip authorized by the governing board. We advise all school corporation personnel, as public officials, that the expense of such additional travel is not to be considered payable or refundable from public funds and that an audit exception would be necessary in regard to any such expense paid from public funds. The same is true of any travel expense of the spouse or other relative or friend of a public official. Such expense is considered the personal expense of the individual and must be paid from personal funds. Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit.

We are of the audit position, in relation to authorized travel expense for necessary travel within the school corporation, a person may be provided transportation in school corporation owned vehicles. Alternatively, an individual may be authorized to use a personal vehicle and be paid a mileage allowance upon board approval of a mileage claim (Prescribed General Form 101) to list miles traveled at the rate established by the governing board for all school corporation employees.

Authorized expenses should be reimbursed by using Accounts Payable Vouchers, Form 523 and attaching airplane, bus and train tickets, hotel/motel receipts, and other receipts which detail actual cost of meals, etc.

All claims, invoices, receipts, accounts payable vouchers, including those presented to the governing body for approval in accordance with IC 5-11-10, should contain adequate detailed documentation. All claims, invoices, receipts, and accounts payable vouchers regarding reimbursement for meals and expenses for individuals must have specific detailed information of the names of all individuals for whom amounts are claimed, including the nature, name and purpose of the business meeting, to enable the governing body to authorize payment. Payments which do not have proper itemization showing the business nature of the claim, may be the personal obligation of the responsible official, employee or other person for whom the claim is made.

FORM APPROVALS

Please ensure on form approval requests the following:

1. The vendor name and type of equipment (hardware and software) should be listed.
2. The computerized forms shall be a facsimile of our prescribed forms (headings on reports, receipts, checks, etc.)

Should your vendor be unable to comply, for whatever reason, please cross-reference submitted forms to the existing prescribed forms that are intended to be replaced.

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FORM APPROVALS

(Continued)

Please forward the above information to each of your building principals for their information to comply with our request, and to speed up approval of any computerized forms they may desire to use; otherwise, prescribed forms shall be used. Please see "The School Administrator and Uniform Compliance Guidelines", Volumes 173, March 2006 concerning simplification of the form approval process.

**REVISION OF SCHOOL FORM 521, APPLICATION FOR FREE MEALS
OR REDUCED PRICE MEALS AND OTHER BENEFITS AND FORM 522 APPLICATION FOR FREE
MILK AND OTHER BENEFITS**

School Forms 521, Application for Free Meals or Reduced Price Meals and Other Benefits and Form 522 Application for Free Milk and Other Benefits have been revised by the Department of Education. Please contact the State Department of Education, Division of School Food and Nutrition regarding any changes to the above listed forms.

PAYMENT OF FUNDS DUE DECEASED PERSON

The State Board of Accounts is often asked the correct method of making payment of money due an official, employee, or other person who has died. The following procedure is authorized by IC 29-1-8-1.

IC 29-1-8-1 states "(a) Forty-five (45) days after the death of a decedent and upon being presented an affidavit that complies with subsection (b), a person: (1) indebted to the decedent; or (2) having possession of personal property or an instrument evidencing a debt, an obligation, a stock, or a chose in action belonging to the decedent; shall make payment of the indebtedness or deliver the personal property or the instrument evidencing a debt, an obligation, a stock, or a chose in action to a person claiming to be entitled to payment or delivery of property of the decedent. (b) The affidavit required by subsection (a) must be an affidavit made by or on behalf of the claimant and must state the following: (1) That the value of the gross probate estate, wherever located (less liens and encumbrances), does not exceed fifty thousand dollars (\$50,000). (2) That forty-five (45) days have elapsed since the death of the decedent. (3) That no application or petition for the appointment of a personal representative is pending or has been granted in any jurisdiction. (4) The name and address of each other person that is entitled to a share of the property and the part of the property to which each person is entitled. (5) That the claimant has notified each person identified in the affidavit of the claimant's intention to present an affidavit under this section. (6) That the claimant is entitled to payment or delivery of the property on behalf of each person identified in the affidavit."

The affidavit furnished should be similar to the following:

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STATE OF INDIANA)
COUNTY OF _____) SS:

AFFIDAVIT FOR TRANSFER OF ASSETS WITHOUT ADMINISTRATION

_____, being first duly sworn upon _____ oath deposes and says:

1. That _____ died on the _____ day of _____, 20____
(testate),(intestate) while domiciled in _____ County, Indiana.
2. That no petition for the appointment of a personal representative of his estate is pending or has been granted.
3. That forty-five days have elapsed since the death of said decedent.
4. The value of the gross probate estate less liens and encumbrances thereon does not exceed fifty thousand dollars (\$50,000).
5. That this affiant is entitled to receive without administration the following listed property from the person, firm or corporation listed opposite said property subject to the items and encumbrances thereon.

KIND OF PROPERTY	WHERE LOCATED	VALUE	LIEN OR ENCUMBRANCES IF ANY	NAME AND ADDRESS OF PERSON, FIRM OR CORPORATION HOLDING PROPERTY OR DECEDENT
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_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

This affidavit is made for the purpose of inducing the above named holders of said decedent's property to turn said property over to this affiant as provided by law.

AFFIANT

ADDRESS

Subscribed and sworn to before me this _____ day of _____, 20____.

Notary Public

My Commission Expires: _____

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TRANSFER TUITION

IC 20-26-11-6 provides "(a) A school corporation may accept a transferring student without approval of the transferor corporation under section 5 of this chapter. (b) A transfer may not be accepted unless the requesting parents or student pays transfer tuition in an amount determined under the formula established in section 13 of this chapter for the payment of transfer tuition by a transferor school corporation. However, the transferee school may not offset the amounts described in section 13(b) STEP TWO (B) through section 13(b) STEP TWO (D) of this chapter from the amount charged to the requesting parents or student (c) The tuition determined under subsection (b) must be paid by the parents or the student before the end of the school year in installments as determined by the transferee corporation. (d) Failure to pay a tuition installment is a ground for exclusion from school."

We have prescribed Transfer Tuition Statement, Form 515, revised 2008. The State Board of Accounts is without authority to advise anyone to ignore a statutory provision. Our audit position is a school corporation should complete the Form 515 based on the local circumstances (ie, local expenditures, date of enrollment, revenues received, etc.) of a situation, the end result of which might dictate a refund up to the amount paid by a parent or a request for additional amounts due for transfer tuition.

SCHOOL CORPORATION MANUAL UPDATE

Please note the following Chart of Accounts changes over the last several weeks and which should be currently in use.

2930 Riverboat Distributions.

60150 Donations, authorized by statute to foundations in accordance with IC 20-47-1.

Funds 7950-7999

- 7950 Fiscal Stabilization – Education (Stimulus)
- 7951 Title I – Grants to LEAs (Stimulus)
- 7952 Title I – School Improvement (Stimulus)
- 7953 Special Education – Part B (Stimulus)
- 7954 Special Education – Part B – Preschool (Stimulus)
- 7955 Special Education – Part C (Stimulus)
- 7956 Education Technology (Stimulus)
- 7957 McKinney – Vento Education for Homeless (Stimulus)
- 7958 School Lunch Equipment (Stimulus)
- 7959 Head Start (Stimulus)
- 7960 TITLE 1, PART D, SUBPART 2 (Stimulus)

CFDA Number

Please note for CFDA numbers for the above funds Circular A-133 provides in part "(d) Pass-through entity responsibilities. A pass-through entity shall perform the following for the Federal awards it makes:

(1) Identify Federal awards made by informing each subrecipient of CFDA title and number, award name and number, award year, if the award is R&D, and name of Federal agency. When some of this information is not available, the pass-through entity shall provide the best information available to describe the Federal award."

Receipt Number 4580 American Recovery and Reinvestment Act of 2009 (Stimulus)

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SCHOOL CORPORATION MANUAL UPDATE

(Continued)

COBRA

- 9210.3 Cobra Transfers for ARRA Stimulus
- 9270.5 Receipt of Cobra Transfers for ARRA Stimulus
- 9270.6 Disbursement of Cobra for ARRA Stimulus

Objects:

The following changes should start July 1, 2009. 220 Employee Insurance will now be a header and should no longer be used. Please use the following for all group insurance.

- 221 Group life insurance.
- 222 Group health insurance.
- 223 Group accident insurance.
- 224 Other group insurance authorized by statute.

OBSOLETE VOLUME

All articles of Volume 146 of "The School Administrator" have now been updated and reprinted in later volumes or are no long applicable; thus Volume 146, which was distributed in June 1999 may now be deleted from your file.