

THE SCHOOL ADMINISTRATOR

and Uniform Compliance Guidelines ISSUED BY STATE BOARD OF ACCOUNTS

Volume 195

September 2011

ITEMS TO REMEMBER

SEPTEMBER

- September 1: Prove the Fund Ledger and Ledger of Receipts for the month of August 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.
- September 2: Last day for first publication of proposed 2012 tax levy, budget, and notice to taxpayers of public hearing (Form 3). Must be at least 10 days before public hearing. (IC 6-1.1-17-3).
- September 5: Legal Holiday - Labor Day (IC 1-1-9-1)
- September 9: Last date for second publication of proposed 2012 tax levy, budget, and notice to taxpayers of public hearing (Form 3). Must be at least 3 days before the public hearing. (IC 6-1.1-17-3)
- September 16: The count for students in Average Daily Membership (ADM) shall be taken. The signed DOE-ME report must be mailed as soon as possible after the September 16th count date and no later than October 11, 2011, to the Department of Education, Office of School Finance, 151 West Ohio Street, Indianapolis, IN 46204.
- September 20: Last day to report and make payment of state and county income tax withheld during August to the Department of State Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 180, December 2007, of "The School Administrator and Uniform Compliance Guidelines.")

OCTOBER

- October 1: Prove all ledgers for the month ending September 30 as outlined for the month of August.
- October 10: Legal Holiday - Columbus Day (IC 1-1-9-1)
- October 11: ADM report (Form DOE-ME) due on or before October 11. Please contact the Department of Education for detailed instructions.
- October 19: Last date to file appeals for an excessive tax levy.
- October 20: Last day to report and make payment of state and county income tax withheld during September to the Department of State Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 180, December 2007, of "The School Administrator and Uniform Compliance Guidelines.")

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ITEMS TO REMEMBER

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- October 21: Last day for school to hold public hearing to review proposed tax rate, levy and budget. Must be at least 10 days before budget adoption hearing. (IC 6-1.1-17-5)
- October 28: Last day for 10 or more taxpayers to file an objection of the proposed tax rates, levies and budgets with the school (not more than 7 days after the public hearing). (IC 6-1.1-17-5)
- October 31: Last day to file third quarter report with the Internal Revenue Service and complete payment of federal tax withheld.
- October 31: Requests for textbook reimbursement must be received by the Department of Education, Division of School Finance.

NOVEMBER

- November 1: Prove all ledgers for the month ending October 31 as outlined for the month of August.
- November 1: Last date for meeting of schools to adopt Capital Projects Fund (CPF) Plan and Bus Replacement Plan. (IC 20-46-6-8.1; IC 20-46-5-6.1)
- November 1: Last day for school to hold budget adoption hearing and adopt tax rate, levy and budget and adopt finding if objection if filed. (IC 6-1.1-17-5)
- November 11: Legal Holiday – Veterans' Day (IC 1-1-9-1).
- November 20: Last day to report and make payment of state and county income tax withheld during October to the Department of State Revenue, Indiana Government Center North, Indianapolis. (Please review Volume 180, December 2007, of "The School Administrator and Uniform Compliance Guidelines.")
- November 24: Thanksgiving Day (IC 1-1-9-1)
- November 30: On or before June 1 and December 1 of each year (or more frequently if the County Legislative Body adopts an ordinance requiring additional certifications) the School Corporation shall certify a list of the names and addresses to the County Treasurer of each person who has money due the person from the School Corporation. (IC 6-1.1-22-14)

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TEACHER RETIREMENT FUND DEDUCTIONS

IC 5-10.2-3-2 states: "(a) Subject to IC 5-10.2-2-1.5, as used in this section, "compensation" means: (1) the basic salary earned by and paid to the member; plus (2) the amount that would have been a part of the basic salary earned and paid except for the member's salary reduction agreement established under Section 125, 403(b), or 457 of the Internal Revenue Code. (b) Except in cases where: (1) the contribution is made on behalf of the member; or (2) a retired member of the Indiana state teachers' retirement fund may not make contributions during a period of reemployment as provided in IC 5-10.2-4-8(d); each member shall, as a condition of employment, contribute to the fund three percent (3%) of the member's compensation. (c) Except as provided in IC 5-10.2-4-8(d), a member of a fund may make contributions to the member's annuity savings account in addition to the contributions required under subsection (b). The total amount of contributions that may be made to a member's annuity savings account with respect to a payroll period under this subsection may not exceed ten percent (10%) of the member's compensation for that payroll period. The contributions made under this subsection may be picked-up and paid by an employer as provided in subsection (d). (d) In compliance with rules adopted by each board, an employer, under Section 414(h)(2) of the Internal Revenue Code, may pick-up and pay the contributions under subsection (c), subject to approval of the board and to the board's receipt of a favorable private letter ruling from the Internal Revenue Service. The employer shall reduce the member's compensation by an amount equal to the amount of the member's contributions under subsection (c) that are picked-up by the employer. Each board shall by rule establish the procedural requirements for employers to carry out the pick-up in compliance with Section 414(h)(2) of the Internal Revenue Code. (e) A member's contributions and interest credits belong to the member and do not belong to the state or political subdivision."

IC 5-10.2-3-3 states: "(a) This section does not apply to a member of the Indiana state teachers' retirement fund who is reemployed more than thirty (30) days after the member's retirement in a position covered by the Indiana state teachers' retirement fund. (b) Members' contributions, other than members' contributions paid on behalf of a member, shall be deducted from their compensation even if the net compensation to the member is less than the statutory minimum. (c) The payment of a member's compensation minus the deduction constitutes a complete discharge of all claims for services rendered by the member during the period covered by the payment, except the claim for benefits under this article."

IC 5-10.2-4-3 states in part: "(d) Subject to IC 5-10.2-2-1.5, "annual compensation" means: (1) the basic salary earned by and paid to the member plus the amount that would have been part of that salary but for: (A) the state's, a school corporation's, a participating political subdivision's, or a state educational institution's paying the member's contribution to the fund for the member; or (B) the member's salary reduction agreement established under Section 125, 403(b), or 457 of the Internal Revenue Code; and (2) in the case of a member described in subsection (c) and for years of service to which IC 5-10.4-5-7 does not apply, the basic salary that was not paid during the year but would have been paid to the member during the year under the member's employment contracts, if the member had not taken any unpaid leave of absence to serve in an elected position. The portion of a back pay award or a similar award that the board determines is compensation under an agreement or under a judicial or an administrative proceeding shall be allocated by the board among the years the member earned or should have earned the compensation. Only that portion of the award allocated to the year the award is made is considered to have been earned during the year the award was made. Interest on an award is not considered annual compensation for any year. (e) Compensation of not more than two thousand dollars (\$2,000) received from the employer in contemplation of the member's retirement, including severance pay, termination pay, retirement bonus, or commutation of unused sick leave or personal leave, may be included in the total annual compensation from which the average of the annual compensation is determined, if it is received: (1) before the member ceases service; or (2) within twelve (12) months after the member ceases service."

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TEACHER RETIREMENT FUND DEDUCTIONS

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The State Board of Accounts will not take audit exception if the contributions are made and reported to the fund as the payroll is made. All deductions for the regular teachers contract do not have to be made prior to June 30. If teachers are paid during July and August, the applicable checks may be written in July and August and the necessary deduction for teacher retirement made at that time. These amounts would be reported on and remitted with the applicable reports along with amounts deducted from summer school contracts and the beginning of the regular contracts for the succeeding school year. Accounting for the teacher's earnings on a contract basis is still required." All payments of salary and wages must be identified on the accounting records so they may be associated with a particular contract.

Retiring teachers may wish to have all payments related to their regular contract, for the fiscal year of employment, paid and reported prior to June 30 for retirement benefit purposes. Service on the contract must have been completed prior to payment and June 30.

MONEY RECEIVED FOR INSURANCE COVERED DAMAGES

IC 6-1.1-18-7 states in part: ". . . the fiscal officer of a political subdivision may appropriate funds received from an insurance company if (1) the funds are received as a result of damage to property of the political subdivision; and (2) the funds are appropriated for the purpose of repairing or replacing the damaged property. However, this section applies only if the funds are in fact expended to repair or replaced the property within the twelve (12) month period after they are received." The State Board of Accounts is of the audit position these funds are considered appropriated at the time the governing body allows the claims for payment of the expense of repair or replacement.

EXTRACURRICULAR ACCOUNT INVESTMENTS

(Please provide a copy of all extracurricular articles to each school building.)

IC 20-41-1-9 concerning the school extracurricular account provides in part: "(b) The money in the school extracurricular account may be invested under the conditions specified in IC 5-13-10 and IC 5-13-10.5 for investment of state money. However, investments under this section are at the discretion of the principal. The interest earned from any investment may be credited to the school extracurricular account and need not be credited proportionately to each separate extracurricular fund. The interest earned from the investment may be used for any of the following: (1) A school purpose approved by the principal. (2) An extracurricular purpose approved by the principal. (c) Amounts expended under this section for the purposes described in this section are in addition to the appropriation under IC 20-26-5-4(3)."

The State Board of Accounts is of the audit position that for accounting purposes a necessity exists to establish an Investment Income Fund in the extracurricular account records to which any earnings may be receipted and from which expenditures are made. A dual control will also be necessary to be kept instead of the usual single control for the extracurricular account. One control will be used to record the transactions of the checking account, and another will be used to account for the investment from the total monies on deposit. The balances of these two controls when added together must equal the total of the balances of all the individual extracurricular funds at all times.

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EXTRACURRICULAR ACCOUNT INVESTMENTS

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Purchases of equipment and other items which become part of the school facilities, educational supplies, and other items which may be purchased from the stated funds are the direct responsibility of the school board. Therefore, the specific equipment type items must be approved by the board before being purchased from the Investment Income Fund.

Since the School Board is the employing authority in a school corporation and IC 20-41-1-4 does provide in part concerning extracurricular expenditures, ". . . All expenditures of the funds are subject to review by the governing board of the school corporation", the school board shall have a policy for all buildings concerning whether investments should be by fund or within an Investment Income Fund as provided herein.

GOVERNING BODY TERM OF OFFICE

IC 20-26-4-4 states in part: "(b) The commencement and termination of terms of members of a governing body are as follows: (1) Except as provided in subdivision (2), the governing body of each school corporation shall determine whether the term of office for the governing body's members extends from January 1 to December 31 or from July 1 to June 30. A governing body that makes a change in the commencement date of the governing body's members' terms shall report the change to the state board before August 1 preceding the year in which the change takes place. An ex officio member of a governing body shall take office at the time the ex officio member takes the oath of the office by virtue of which the ex officio member is entitled to become an ex officio member."

HEALTH SERVICE FEES

The Attorney General of the State of Indiana on June 15, 2001, issued Official Opinion 2001-4 concerning "Health Service Fees". The conclusion of Official Opinion 2001-4 states "Indiana Constitution Article 8 § 1 and the Indiana General Assembly provide for 'Common school systems wherein tuition shall be without charge.' Also, because they include instruction and education are tuition. Therefore, a school corporation may not charge a separate fee for health services."

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OVERDRAWN REIMBURSABLE GRANT FUND BALANCES

A memo from IDOE dated July 29, 2011 states in part: ". . . Effective July 1, 2010, the IDOE began reimbursing based on actual expenditures. Additionally, the IDOE began reimbursing two times per month rather than the previous monthly cash advance. . . . In response to 31 CFR 205.12(b)(5) and a current A-133 audit by the State Board of Accounts, the IDOE must immediately begin reimbursing on actual expenditures only as originally stated in the memo dated May 3, 2010. IDOE will continue to accept and process reimbursement forms two times per month. Requests for reimbursement should be submitted by the 1st and the 15th of each month."

The change in IDOE reimbursement policies will likely cause a school corporation's grant funds to be overdrawn at various times during the fiscal year. The State Board of Accounts will not take exception to overdrawn reimbursable grant funds if the reason they are overdrawn is a timing issue. The negative fund balance should not be more than the outstanding reimbursement claim(s) that have been sent to IDOE. Exceptions will be taken if the School Corporation is not filing for reimbursements in a timely manner. The State Board of Accounts believes that this situation would be a control/record keeping issue and not a timing issue.

TRANSFER TUITION FOR OUT OF STATE STUDENTS

IC 20-26-11-6 states: "(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 be accepted regardless of whether, as a condition of the transfer, the transferee school requires the requesting parents or student to pay 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, if the transferee school elects to charge transfer tuition, 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) When the transferee school elects to charge tuition to the requesting parents or student, 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 that is agreed to by the parents or student and the transferee school corporation is a ground for exclusion from school. (e) If the transferee school elects not to charge transfer tuition to the parents or student under this section, the transferee school may not charge transfer tuition or fees to the transferor school."

Please see the attached Indiana Department of Education Memorandum dated September 12, 2011, concerning the enrollment of students not having legal settlement in Indiana.



Indiana Department of Education
SUPPORTING STUDENT SUCCESS

MEMORANDUM

TO: Superintendents and Principals

FROM: Cathy Danyluk, Chief State Attendance Officer

DATE: September 12, 2011

RE: Transfer Tuition for Out of State Students

In response to several questions concerning the enrollment of students not having legal settlement in Indiana, this memorandum is to provide clarification of IC 20-26-11-6.

School corporations may accept students who do not have legal settlement in Indiana under their local policy. However, please note the following:

- Students cannot be counted for ADM
- Students must be charged full unsupported tuition
- Students must be charged tuition, and may not attend without paying tuition

Please contact Cathy Danyluk, cdanyluk@doe.in.gov or 317/232-9150 if you need additional information.