HEA 1009 & HEA 1167
Frequently Asked Questions

Presented by:
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Budget Field Representative
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Purpose of Today’s Presentation

Today we will clarify the following frequently asked questions:

1. How will the transition to the new funds work in Gateway?
2. Form 1 – Where are my line items?
3. How do I show transfers to be made in 2019?
4. Is the calculation for the Capital Projects Fund’s December Settlement changing?
5. Is it true that Excise, CVET, FIT, and LIT revenues can only be deposited in Operations?
6. Do I need to advertise anything in the newspaper?
7. Bus Replacement and Capital Projects plans – What is required?
8. What needs to be submitted?
FAQ #1: Transition in Gateway

How does the transition into the new Education and Operations funds work in Gateway?

• The Budget application has replaced the previous funds with the funds to be used in 2019.
• In place of the General fund, you will now see the Education fund.
• The Operations fund in Gateway replaces the following funds: Capital Projects, Transportation, Bus Replacement, Art Association, Historical Society, Public Playground, and Racial Balance.
FAQ #1: Transition in Gateway

The General fund’s amounts will be entered in Gateway through the Education fund.

**General Fund’s Amounts**
- Current Year Financial Worksheet
- Form 2 Revenue Estimates Column A (Last half of 2018)

**Entered into Gateway’s Education Fund**
- Current Year Financial Worksheet
- Form 2 Revenue Estimates Column A (Last half of 2018)
FAQ #1: Transition in Gateway

The Operations fund’s fields will be a total of the funds being replaced by it in the following forms:

- Current Year Financial Worksheet.
- Form 2 revenues for the last 6 months of 2018.

- Transportation
- Bus Replacement
- Capital Projects
- Art Association
- Historical Society
- Public Playground
- Racial Balance

Total all Funds’
- CYFW fields
- Form 2 Column A revenue estimates

Enter totals into the Operations Fund’s CYFW & Form 2
FAQ #1: Transition in Gateway

- An Excel worksheet will be released that assists schools in totaling their CYFW amounts.
- The CYFW fields will be entered for each of the funds that are being replaced by the Operations fund and a summary column will provide the totaled amounts to be entered in Gateway.
- Schools are to submit the completed worksheet along with their budget documents.
FAQ #1: Transition in Gateway

<table>
<thead>
<tr>
<th>2019 CYFW Transition Template</th>
<th>Adams County</th>
<th>ADAMS CENTRAL COMMUNITY SCHOOL CORP</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1214</td>
<td>0301</td>
<td>6302</td>
</tr>
<tr>
<td></td>
<td>CAPITAL PROJECTS</td>
<td>TRANSPORTATION</td>
<td>BUS REPLACEMENT</td>
</tr>
<tr>
<td>APPROPRIATIONS</td>
<td>715,441</td>
<td>632,755</td>
<td>61,820</td>
</tr>
<tr>
<td>1) Current Year Approved Budget (Current Year Fund Report Line 1)</td>
<td>715,441</td>
<td>632,755</td>
<td>61,820</td>
</tr>
<tr>
<td>2) Endowments Brought Forward from Previous Year</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>3) Additional Appropriations (January 1st to June 30th)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>4) Reductions (Entered as Positive) (January 1st to June 30th)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>5) Other Non-Appropriated Obligations</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>6) Total Approved Appropriations (Lines 1 x 2 x 3 x 4)</td>
<td>715,441</td>
<td>632,755</td>
<td>61,820</td>
</tr>
<tr>
<td>DISBURSEMENTS</td>
<td>311,123</td>
<td>280,524</td>
<td>0</td>
</tr>
<tr>
<td>6) Current Year Disbursements (January 1st to June 30th)</td>
<td>311,123</td>
<td>280,524</td>
<td>0</td>
</tr>
<tr>
<td>7) Appropriation Balance (Row 5 minus Row 6)</td>
<td>404,318</td>
<td>352,231</td>
<td>61,820</td>
</tr>
<tr>
<td>8) Reductions July thru December</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>9) Line 2 on Budget Form 4B (Row 7 minus Row 8)</td>
<td>404,318</td>
<td>352,231</td>
<td>61,820</td>
</tr>
<tr>
<td>Line 3 on Budget Form 4B</td>
<td>50,000</td>
<td>140,000</td>
<td>0</td>
</tr>
<tr>
<td>10) Budget Form 4B Line 3 (Additional Appropriations July 1 to Dec 31)</td>
<td>50,000</td>
<td>140,000</td>
<td>0</td>
</tr>
<tr>
<td>Line 4A on Budget Form 4B</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>11) Levy excess not transformed prior to 6/30 ***</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>12) Temporary Loan outstanding as of 6/30 or Transfer</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>13) TOTAL Budget Form 4B Line 4A (Row 11 plus Row 12)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Line 4B Budget Form 4B</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>14) Temporary Loans to be repaid in 2019 or Transfer to be made first 8 months of ensuing year</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>15) June 30 Cash Balance Line 8 (Including Investments)</td>
<td>421,561</td>
<td>315,185</td>
<td>261,112</td>
</tr>
<tr>
<td>Line 7 Budget Form 4B</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>16) Line 7 Taxes to be collected at December settlement</td>
<td>341,021</td>
<td>299,124</td>
<td>45,156</td>
</tr>
</tbody>
</table>
FAQ #2: Form 1 Line Items

My Form 1 line items didn’t rollover from last year to the Education and Operations funds. How can I restore these values?

- Some expenditures will be paid from a different fund in 2019.
- The DLGF issued a memo and waiver on June 6 that describes a possible rollover option. If desired, the waiver can be signed and returned.
- By completing the form, the school acknowledges they are responsible for ensuring the line items are entered correctly pursuant to HEA 1009 and HEA 1167.
FAQ #2: Form 1 Line Items

- Once submitted, all departments (program accounts) and unique line items from 2018 will be rolled over into Education and Operations funds.

  - All Departments and Lines Items will be combined for funds being replaced.
  - Excluding duplicates, these will all be populated into their respective new funds.
  - Schools are responsible for changing line items pursuant to HEA 1009 and HEA 1167.

- Schools also have the option to manually enter their Form 1 or populate it with an upload from their software vendor.
FAQ #3: Transfers in 2019

How should I show anticipated transfers between funds in 2019?

- Form 4B has had “Line 1A – School Transfer Out” added.
- This will allow schools to show their ensuing year transfers between the Education and Operations fund in a dedicated field.
- If planning for a transfer, please show the money leaving the fund on Line 1A and show the revenue coming into the fund as a Transfer In on Form 2.
- Please provide a resolution approving the anticipated transfer to your Budget Field Rep when submitting your budget documents.
FAQ #3: Transfers in 2019

- Example: $200,000 transfer from Operations to Educations

**Form 4B: Financial Statement**

<table>
<thead>
<tr>
<th>Funds Required For Expenses To December 31st Of Incoming Year</th>
<th>Advertised Amount</th>
<th>Adopted Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Total budget estimate for incoming year</td>
<td>$8,000,000</td>
<td>$8,000,000</td>
</tr>
<tr>
<td>a). School Transfer Out</td>
<td>$200,000</td>
<td>$200,000</td>
</tr>
</tbody>
</table>

**Form 2: Estimates of Miscellaneous Revenues**

<table>
<thead>
<tr>
<th>Revenue Code</th>
<th>Description</th>
<th>July 1 to Dec 31, 2018</th>
<th>Jan 1 to Dec 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>5201</td>
<td>Transfer from Operations to Education</td>
<td></td>
<td>$200,000</td>
</tr>
</tbody>
</table>
FAQ #3 Transfers in 2019

- New transfer revenue codes have been added to show more detailed transfers.
- 5201 – 5206 revenue codes don’t take effect until 2019, so Gateway only allows for data entry in column B of Form 2.
- The 12/31/18 year-end transfers into the new funds are not to be included.

<table>
<thead>
<tr>
<th>Revenue Codes</th>
<th>Revenue Descriptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>5200</td>
<td>Transfers from One Fund to Another</td>
</tr>
<tr>
<td>5201</td>
<td>Transfers from Operations to Education</td>
</tr>
<tr>
<td>5202</td>
<td>Transfers from Operations to Rainy Day</td>
</tr>
<tr>
<td>5203</td>
<td>Transfers from Educations to Operations</td>
</tr>
<tr>
<td>5204</td>
<td>Transfers from Education to Rainy Day</td>
</tr>
<tr>
<td>5205</td>
<td>Transfers from Rainy Day to Operations</td>
</tr>
<tr>
<td>5206</td>
<td>Transfers from Rainy Day to Educations</td>
</tr>
</tbody>
</table>
Is the calculation for Capital Projects Fund’s Line 7: December property tax settlement changing?

- Yes. Being a needs driven fund, it was previously calculated in the same manner as a Debt Service fund that does not take into account circuit breaker losses. The calculation can be seen below.

<table>
<thead>
<tr>
<th>Certified Levy Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certified Levy</td>
</tr>
<tr>
<td>- June Settlement</td>
</tr>
<tr>
<td>= Estimated December Settlement</td>
</tr>
</tbody>
</table>
FAQ #4: Capital Projects Line 7

• The December Settlement for 2018 will now be calculated in the same manner as all non-debt and non-exempt funds. The estimate to be used is the lesser of the two calculations below.

<table>
<thead>
<tr>
<th>Certified Levy Method</th>
<th>Post Circuit Breaker Abstract Levy Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certified Levy</td>
<td>Abstract Levy</td>
</tr>
<tr>
<td>- June Settlement</td>
<td>- Total Circuit Breaker loss</td>
</tr>
<tr>
<td>= Estimated December Settlement</td>
<td>- June Settlement</td>
</tr>
<tr>
<td></td>
<td>= Estimated December Settlement</td>
</tr>
</tbody>
</table>

• The levy and circuit breaker information can be found on the 2018 Circuit Breaker Reports that are available at: www.in.gov/dlgf/9644.
FAQ #4: Capital Projects Line 7

Below is an example of a school’s Circuit Breaker Report for CPF and the calculations that follow.

<table>
<thead>
<tr>
<th>Fund Name</th>
<th>Certified Levy</th>
<th>Levy Based on Abstract AV</th>
<th>Over 65 Circuit Breaker</th>
<th>1%/2%/3% Circuit Breaker</th>
<th>Total Circuit Breaker</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Projects</td>
<td>$1,650,000</td>
<td>$1,600,000</td>
<td>$2,000</td>
<td>$148,000</td>
<td>$150,000</td>
</tr>
</tbody>
</table>

**Certified Levy Method**

- 2018 Certified CPF Levy: $1,650,000
- - June Settlement: $800,000
- = Dec Estimate: $850,000

**Post CB Abstract Levy Method**

- 2018 Abstract CPF Levy: $1,600,000
- - Total CB: $150,000
- - June Settlement: $800,000
- = Dec Estimate: $650,000

$650,000 is the lesser value and is to be entered on the school’s worksheet for Capital Project Fund’s December Settlement.
FAQ #5 : Miscellaneous Revenues

Is it true that according to IC 20-40-18-2(a)(2), Excise, FIT, CVET, and LIT revenues can only be deposited in the Operations fund starting in 2019?

- No. The DLGF and SBoA have concluded that these revenues will still be deposited in other funds that will continue to have a certified levy:
  - Debt Service
  - Pension Debt
  - Referendum Operating
  - Referendum Debt
FAQ #6: Newspaper Advertisements

What is required to be advertised in the newspaper?

- The Bus Replacement and Capital Projects Notice to Taxpayers are required to be advertised in the newspaper, but the format has changed.
- The Form 3: Notice to Taxpayers must be advertised online.
Capital Projects and Bus Replacement Advertisements

- An excerpt from IC 20-40-18-6 and IC 20-40-18-9 states:
  - “The governing body shall publish a notice of the hearing in accordance with IC 5-3-1-2(b). The notice must include the address of the school corporation's Internet web site.”

- Requires the publishing of the public hearing information and the website address where the school has posted its purposed Bus Replacement and Capital Projects plans.
Capital Projects and Bus Replacement Advertisements

- Statute no longer requires the publication of detailed plan information in the newspaper.
- The Capital Projects and Bus Replacement Notice to Taxpayers are to be published once, at least 10 days before the public hearing.
- The Capital Projects’ Notice of Adoption is not required by IC 20-40-18-6.
- Bus Replacement continues to not require a Notice of Adoption.
FAQ #6: Newspaper Advertisements

Form 3: Notice to Taxpayers

- No change in procedure for Pay 2019.
- The advertisement of the Form 3: Notice to Taxpayers (lists budgets and levies for all funds) in the newspaper remains optional.
- Ensure that the Form 3 is submitted in Gateway at least 10 days before the public hearing to fulfill online advertising requirements.
FAQ #7: Bus Replacement Plan Changes

What changes have been made to the Bus Replacement Plan?

- IC 20-40-18-9
- The plan format is prescribed by the DLGF and has been posted on the Memos and Presentations page (www.in.gov/dlgf/2444).
- The memo was issued on May 11, 2018 and outlines this year’s procedure along with providing templates for the Notice to Taxpayers and Bus Replacement Plan.
FAQ #7: Bus Replacement Plan Changes

- The plan now applies to at least the 5 budget years (previously 12) immediately following the year the plan is adopted (2019-2023).
- A plan must be adopted before a school can replace any buses using money from the Operations fund.
- The plan shall be posted on the school’s website.
FAQ #7: Bus Replacement Plan Changes

- The Notice to Taxpayers has a shortened version that can be used, but ensure that the website address is listed.

- A detailed Notice to Taxpayers that largely resembles last year’s is also provided as an option, but it also must contain the website address.
FAQ #7: Capital Projects Plan Changes

What changes have been made to the Capital Projects Plan?

• IC 20-40-18-6
• New plan format prescribed by the DLGF and posted on Memos and Presentations page (www.in.gov/dlgf/2444)
• The memo was issued on May 11, 2018 and outlines this year’s procedure along with providing templates for the Notice to Taxpayers and Capital Projects Plan.
• The plan shall be posted on the school’s website.
FAQ #7: Capital Projects Plan Changes

- The plan still applies to the 3 budget years immediately following the year the plan is adopted (2019-2021).

- A plan must be adopted before a school can make any expenditures outlined in IC 20-40-18-7 from the Operations fund.
FAQ #7: Capital Projects Plan Changes

- The plan is to include the amount of property taxes to be collected in the upcoming calendar year and retained in the fund for capital expenditures proposed for a later year.
- Plans must contain a listing of all proposed expenditures that exceed $10,000 and are for:
  1. Capital assets; or
  2. Projects that are considered capital in nature including technology related projects.
- The Capital Projects plan is only to include expenditures from the Operations fund.
FAQ #7: Capital Projects Plan Changes

• The Capital Projects Plan **must** contain the following tabs of the Department’s provided template:
  - Capital Acquisition
  - List of assets exceeding $10,000 to be purchased along with their estimated cost.

Pursuant to IC 20-40-18-6, the *Sample School Corporation* plan contains a listing of all proposed capital expenditures that exceed $10,000.

<table>
<thead>
<tr>
<th>Asset Description*</th>
<th>Acquisition Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sample Asset #1</td>
<td>$150,000</td>
</tr>
<tr>
<td>Sample Asset #2</td>
<td>$1,100,000</td>
</tr>
<tr>
<td>Sample Asset #3</td>
<td>$11,000</td>
</tr>
</tbody>
</table>

*Note: The description may include a physical description of the asset and/or any applicable make, model, manufacturer, or VIN Number if applicable.*
FAQ #7: Capital Projects Plan Changes

- The Capital Projects Plan must contain the following tabs of the Department’s provided template:
  - Projects Capital in Nature
  - List of projects along with their estimated start date, end date and cost.

Pursuant to IC 20-40-18-6, the Sample School Corporations plan contains a listing of all proposed projects that are capital in nature that exceed $10,000.

<table>
<thead>
<tr>
<th>Project Description*</th>
<th>Estimated Start Date</th>
<th>Estimated End Date</th>
<th>Estimated Project Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sample Project Description #1</td>
<td>3/11/2019</td>
<td>8/1/2019</td>
<td>$37,000</td>
</tr>
<tr>
<td>Sample Project Description #2</td>
<td>4/3/2019</td>
<td>10/1/2019</td>
<td>$1,800,000</td>
</tr>
<tr>
<td>Sample Project Description #3</td>
<td>12/1/2019</td>
<td>7/1/2020</td>
<td>$12,000</td>
</tr>
<tr>
<td>...</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Project Description may include a description of the project including physical location, scope of work,
FAQ #7: Capital Projects Plan Changes

• In order to help promote transparency and consistency, the Capital Projects Plan may also contain the following tabs of the template:
  • Capital Projects Plan Overview
  • Site 1 -5
  • Site Summary
FAQ #7: Capital Projects Plan Changes

- The Notice to Taxpayers is shortened compared to last year’s and notifies the public of:
  - School’s website address where the plan is posted.
  - Date, time, and location of the public hearing.

NOTICE TO TAXPAYERS

Notice is hereby given to taxpayers of Sample School Corporation that the proper officers of Sample School Corporation will conduct a public hearing on the year Sample School Corporation proposed Capital Projects Plan pursuant to IC 20-40-18-6. Following the public hearing, the proper officers of Sample School Corporation may adopt the proposed plan as presented or with revisions.

Complete details of the Capital Projects plan may be seen by visiting the office of this unit of government at the following address: www.SampleSchoolCorp.org/CPPlan.

<table>
<thead>
<tr>
<th>Public Hearing Date:</th>
<th>September 5, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Hearing Time:</td>
<td>7:00 PM</td>
</tr>
<tr>
<td>Public Hearing Place:</td>
<td>101 School Corp Dr, Sample City, IN 46000, Administration Building</td>
</tr>
</tbody>
</table>

Taxpayers are invited to attend the meeting for a detailed explanation of the plan and to exercise their rights to be heard on the proposed plan. If the proposed plan is adopted by resolution, such plan will be submitted to the Department of Local Government Finance as per IC 20-40-18-6.
Flow Chart

1. Post Plans on School’s Website
2. Advertise Notice (including website address) in the Newspaper
3. Hold the Public Hearing
4. Adopt the Plans
5. Submit Resolutions Approving the Plans

Bus Replacement and Capital Projects
FAQ #8: Should these be Submitted?

Please see the revised school checklist for the full list of required documents. This checklist will be released shortly.

<table>
<thead>
<tr>
<th>Document</th>
<th>Required?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Signed resolutions approving the Bus Replacement and Capital Projects Plans</td>
<td>Yes</td>
</tr>
</tbody>
</table>
| Signed resolution(s) approving transfers and/or anticipated transfers from July 1, 2018 – December 31, 2019  
  • Not including the initial December 31 transfers into the newly established Education and Operations funds | Yes       |
| Current Year Financial Worksheet Transition Template                      | Yes       |
| Bus Replacement and Capital Projects Plans                                 | No        |
| Notice to Taxpayers: Proof of Publications                                | No        |
| Pension Neutrality resolution                                             | No        |
Contact the Department

- Telephone: (317) 232-3777
- Toll Free: (888) 739-9826
- Gateway Support: gateway@dlgf.in.gov
- Additional Appropriation email:
  - AdditionalAppropriationRequests@dlgf.in.gov
- Website: www.in.gov/dlgf
- “Contact Us”: www.in.gov/dlgf/2338.htm
- Budget Field Representative Map:
  http://www.in.gov/dlgf/files/Field_Rep_Map_-_Budget.pdf
Budget Field Staff

County assignments can be found at: [www.in.gov/dlgf/files/Field_Rep_Map_Budget.pdf](http://www.in.gov/dlgf/files/Field_Rep_Map_Budget.pdf).

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Michelle Rogers (317) 447-2941 mrogers@dlgf.in.gov
Heather Witsman (317) 694-3017 hwitsman@dlgf.in.gov