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.
AUGUST

August 1: Prove all ledgers for the month ending July 31 as outlined for the month of June.

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)

ACCOUNTING FOR SCHOOL BUS LOANS

Approvals

IC 20-46-7-8.5 states in part "(a) Notwithstanding any other provision, review by the department of local government finance and approval by the department of local government finance are not required before a school corporation may issue or enter into bonds, a lease, or any other obligation, if the school corporation: (1) after June 30, 2008, makes a preliminary determination as described in IC 6-1.1-20-3.1 or IC 6-1.1-20-3.5 or a decision as described in IC 6-1.1-20-5; or (2) in the case of bonds, leases, or other obligations not subject to IC 6-1.1-20-3.1, IC 6-1.1-20-3.5, or IC 6-1.1-20-5, adopts a resolution or ordinance authorizing the bonds, lease rental agreement, or other obligations after June 30, 2008. (b) A school corporation is not required to obtain the approval of the department of local government finance before the school corporation may repay from the debt service fund any loans made after June 30, 2008, for the purchase of school buses under IC 20-27-4-5."

General Obligation Bond

IC 20-27-4-4 provides "If a school corporation requires funds to purchase a school bus for cash, the school corporation may borrow the necessary funds by issuing general obligation bonds. The bonds shall be issued in the same manner as other general obligation bonds. However, the bonds may not extend for more than six (6) years."
ACCOUNTING FOR SCHOOL BUS LOANS
(Continued)

Loans

IC 20-27-4-5 states "(a) If a school corporation requires funds to purchase a school bus for cash, the school corporation may, instead of issuing general obligation bonds, negotiate for and borrow funds or purchase the school bus on an installment conditional sales contract or a promissory note secured by the school bus. (b) To effect a loan, the school corporation shall execute a negotiable note or notes to the lender. The notes may not extend for more than six (6) years and are payable at the same times and in the same manner as provided for security agreements in section 2 of this chapter. (c) Before a note described in this section is executed, an appropriation for the amount of the purchase price of the school bus and any incidental expenses connected with the purchase or the loan, must be made in the same manner as other appropriations are made, except that the amount of the appropriation is not limited by the amount of funds available at the time of the loan or purchase or by the amount of funds to be raised by a tax levy effective at the time of the loan. (d) A petition to borrow, a notice to taxpayers, or other formality is not necessary to borrow funds under this section except as specifically provided in this chapter."

Upon delivery of the buses, the proceeds of the loan must be obtained from the lending institution, receipted to the General Fund or School Bus Replacement Fund (Account 5460) and deposited in the bank upon which the check will be drawn for payment. The check payable to the vendor will be recorded in General Fund Expenditure Account 27400 of the 27000 Appropriation classification.

Indiana Bond Bank

IC 20-27-4-7 provides "Notwithstanding any other provision of this chapter, a school corporation may negotiate and enter into loans, security agreements, or leases with the Indiana bond bank for the acquisition and financing of a school bus."

Manner Of Purchase

IC 20-27-4-6 states "(a) The purchase of a school bus shall be made in the same manner as provided by law for the purchase of school supplies by a school corporation. (b) If a school bus is purchased under a security agreement, the required notice to bidders or solicitation of bids must set: (1) the length of time the security agreement shall run; and (2) the terms of the security agreement, including the security agreement price and interest rate. (c) The low bid for a security agreement shall be determined by adding to each bidding price the net interest cost and then comparing the totals of the price and interest on each bid. Any difference between the cash and the security agreement prices may not be considered a charge under section 2 of this chapter. Instead, a separate statement of each price shall be made to enable the governing body to determine the advisability of purchasing a school bus under a security agreement." Please see IC 5-22

Repayment

IC 20-27-4-2 states "A security agreement under this chapter may not run for more than six (6) years. The agreement must be amortized in equal or approximately equal installments, payable on the first day of January and July each year. The first installment of principal and interest must be due and payable on the first day of July next following the collection of a tax that was levied after execution of the security agreement."
ACCOUNTING FOR SCHOOL BUS LOANS

(Continued)

If approved as previously mentioned, arrangements for repayment of the loan may be made by way of appropriations in the Debt Service Fund on the annual budget. The first installment of principal and interest shall be due and payable on the first day of July next following the collection of a tax which was levied after execution of the loan. Notes issued shall not extend for a period of more than six (6) years. Payments for the loan principal must be recorded in Expenditure Account 52400, School Bus Loans, of the Debt Services Appropriation (Account 50000). We will not take audit exception to repayments which are appropriated and paid from the General Fund. The expenditure must be posted to the fund in which the appropriation was included and to the Control of All Funds.

Appropriations

IC 20-27-4-3 states "Before a security agreement is executed, an appropriation for the amount of the purchase price must be made. The appropriation is made in the same manner as any other appropriation, except that the amount of the appropriation is not limited by the amount of funds available at the time of the execution or the amount of funds to be raised by a tax levy effective at the time of the execution. A petition to borrow, a notice to taxpayers, or other formality is not necessary, except: (1) as specifically provided in this chapter; and (2) as may be required by law for the issuance of general obligation bonds."

SAFEKEEPING RECEIPTS FOR INVESTMENTS

IC 5-13-9-2 states in part (d) "The investing officers of the political subdivisions are the legal custodians of securities under this chapter. They shall accept safekeeping receipts or other reporting for securities from: (1) a duly designated depository as prescribed in this article; or (2) a financial institution located either in or out of Indiana having custody of securities with a combined capital and surplus of at least ten million dollars ($10,000,000) according to the last statement of condition filed by the financial institution with its governmental supervisory body. (e) The state board of accounts may rely on safekeeping receipts or other reporting from any depository or financial institution."

TRANSFER TUITION – CHILDREN OF SCHOOL CORPORATION EMPLOYEES

We are often asked if a school corporation may provide a special benefit by allowing children of employees who do not live within a school corporation's boundaries to attend school without paying transfer tuition.

Effective July 1, 2010 Public Law 30, Senate Enrolled Act 252 amended IC 20-26-11-6 to provide in part (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."
TRANSFER TUITION – CHILDREN OF SCHOOL CORPORATION EMPLOYEES
(Continued)

Students are permitted to attend school in the school corporation of legal settlement without charge for tuition in accordance with the Indiana Constitution, Article 8, Section 1. We are of the audit position school corporations should very carefully consider uniformity and potential taxation issue concerns if waiving transfer tuition only for select groups.

Fees

We continue to received inquiries and complaints from taxpayers concerning certain fees being assessed by some school corporations.

The Supreme Court provided in Nagy v. Evansville-Vanderburgh School Corporation, 844 N.E.2d 481 (Ind. 2006) Where the legislature-or through delegation of its authority by the State Board-has identified programs, activities, projects, services or curricula that it either mandates or permits school corporations to undertake, the legislature has made a policy decision regarding exactly what qualifies as a part of a uniform system of public education commanded by Article 8, Section 1 and thus what qualifies for funding at public expense. And of course the legislature has the authority to place appropriate conditions or limitations on any such funding. However, absent specific statutory authority, fees or charges for what are otherwise public education cost items cannot be levied directly or indirectly against students or their parents. Only programs, activities, projects, services or curricula that are outside of or expand upon those identified by the legislature-what we understand to be "extracurricular"-may be considered as not a part of a publicly-funded education. And thus a reasonable fee may be assessed, but only against those students who participate in or take advantage of them.

Audits of fees charged by a school corporation will be fact sensitive. However, areas which might be reviewed during an audit include: Is the fee to be charged based on a public education program mandated or permitted by the legislature or the State Board of Education? Does the Legislature provide specific statutory authority that would allow a school or school corporation to charge a fee? Does the fee relate to an extra-curricular program, activity, project, or service? Has the School Board Attorney provided written advice with specific reference and acknowledgement of Nagy v. Evansville-Vanderburgh School Corporation? Has the School Board provided approval of the fee?

The State Board of Accounts is of the audit position the following are some of the types of fees that should not be assessed, collected or receipted by a school or school corporation: Air Conditioning Fees; Instructional Fees; Bus Rider Fees for Students to Attend Classes; Fees for Payroll Positions (Nurses, Principals, Counselors, etc.)

DEPOSITORY LIST

Please review the Board for Depositories website at http://www.in.gov/tos/deposit/index.htm for the current correct list.