

THE SCHOOL ADMINISTRATOR

and Uniform Compliance Guidelines ISSUED BY STATE BOARD OF ACCOUNTS

Volume 191

September 2010

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 budgets for school corporations (at least 10 days prior to the public hearing (IC 6-1.1-17-3)).
- September 6: Legal Holiday - Labor Day. (IC 1-1-9-1)
- September 9: Last date for second publication of school corporation budgets (at least 3 days before the public hearing). (IC 5-3-1-2)
- September 17: The count for students in Average Daily Membership (ADM) shall be taken. (511 IAC 1-3-1) Various procedures are required including DOE-ME submitted by individual student record via the Application Center. Form DOE-ME and Form 30A must be mailed to the Department of Education, Office of School Financial Management, as soon as possible after September 17, 2010, and no later than October 4, 2010.
- 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.")
- September 20: Last date to conduct a public hearing and to pass a resolution to adopt Capital Projects Fund and Transportation - School Bus Replacement Fund Plans. (Per DLGF 2010 notice to all taxing units)
- September 22: Meeting of County Tax Adjustment Board is September 22. If September 22 is not a business day, then the last date for the first meeting is the first business day following September 22. (IC 6-1.1-29-4)
- Note: Contact the Department of Local Government Finance concerning the possibility of alternate dates.

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OCTOBER

- October 1: Prove all ledgers for the month ending September 30 as outlined for the month of August.
- October 4: ADM report (Forms DOE-ME and 30 A) due on or before October 4. Please contact the Department of Education for detailed instructions.
- October 11: Legal Holiday - Columbus Day. (IC 1-1-9-1)
- 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.")
- October 22: Last date for public hearing on proposed budget (at least 10 days prior to the adoption of the budget). Taxpayers may object to a budget, tax rate, or tax levy by filing an objection petition with the proper officers of the political subdivision not more than seven (7) days after the 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 should coincide with the required collection/sign-off period ending October 31 and the required sign off period ending November 5. The information is required to be filed via electronic reporting per instructions provided by the Office of School Financial Management.

NOVEMBER

- November 1: Last date for meeting of school boards to adopt budgets; make appropriations for the next calendar 2011 and to fix tax levies. (IC 6-1.1-17-5)
- November 1: Prove all ledgers for the month ending October 31 as outlined for the month of August.
- November 11: Legal Holiday – Veterans' Day.

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- 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 25: Legal Holiday - 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)

EMPLOYEE MOVING EXPENSE

IC 20-26-5-4 now states in part ". . . the governing body . . . has the following specific powers . . . To appropriate from the school corporation's general fund an amount, not to exceed the greater of three thousand dollars (\$3,000) per budget year or one dollar (\$1) per pupil, not to exceed twelve thousand five hundred dollars (\$12,500), based on the school corporation's previous year's ADM, to promote the best interests of the school corporation through: . . . (B) provision for expenses incurred in interviewing job applicants; . . ."

We would not take audit exception to a school corporation paying the expense of moving a successful applicant, their family and personal property from a prior residence to a new location in or near the school corporation by passing a resolution in accordance with IC 20-26-3-1 et seq. (based on a claim being filed with supporting documentation, i.e. receipts, etc.)

SCHOOL BOARD MEMBER COMPENSATION - PER DIEM

IC 20-26-4-7 states in part "(a)". . . the governing body of a school corporation by resolution has the power to pay each member of the governing body a reasonable amount for service as a member, not to exceed: (1) two thousand dollars (\$2,000) per year; and (2) a per diem not to exceed the rate approved for members of the board of school commissioners under IC 20-25-3-3(d). (b) If the members of the governing body are totally comprised of appointed members, the appointive authority under IC 20-23-4-28(e) shall approve the per diem rate allowable under subsection (a)(2) before the governing body may make the payments. (c) To make a valid approval under subsection (b), the appointive authority must approve the per diem rate with the same endorsement required under IC 20-23-4-28(f) to make the appointment of the member."

IC 20-25-3-3 states in part (d) "Board members are entitled to receive compensation not to exceed the amount allowed under IC 20-26-4-6 and a per diem not to exceed the rate approved for members of the city-county council established under IC 36-3-4 for attendance at each regular and committee meeting as determined by the board."

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SCHOOL BOARD MEMBER COMPENSATION - PER DIEM

(Continued)

We understand members of the City-County Council in Marion County still currently receive one hundred twelve dollars (\$112) for regular meetings and sixty-two dollars (\$62) for committee meetings.

The State Board of Accounts will not take audit exception to reimbursement in accordance with the aforementioned for meetings that comply with IC 5-14-1.5-1 et seq., the Open Door Law.

Please note IC 5-14-1.5-4 provides in part (b) "As the meeting progresses, the following memoranda shall be kept: (1) The date, time, and place of the meeting. (2) The members of the governing body recorded as either present or absent. (3) The general substance of all matters proposed, discussed, or decided. (4) A record of all votes taken, by individual members if there is a roll call. (5) Any additional information required under IC 5-1.5-2-2.5. (c) The memoranda are to be available within a reasonable period of time after the meeting for the purpose of informing the public of the governing body's proceedings. The minutes, if any, are to be open for public inspection and copying."

We are of the audit position that a board of school trustees should formally determine board members that are eligible to attend, vote, testify, gather information for other committees, etc., and receive compensation for attendance at those individual committee meetings. We are also of the audit position board members which have not been formally authorized by a board of school trustees to attend committee meetings, should not receive compensation for attendance at committee meetings.

FIELD EXAMINER IDENTIFICATION

We sometimes receive information regarding individuals purporting to be field examiners requesting records from local units of government. Good management controls would dictate that whenever you are approached by a person requesting records who hold themselves out to be a field examiner of the State Board of Accounts, and you are not certain of their identity, you should request to see their picture identification card. All Field Examiners of the State Board of Accounts have been issued a picture identification. If you are uncertain whether an individual is a Field Examiner of the State Board of Accounts, please call our central office at 317-232-2513.

QUORUM FOR SCHOOL BOARD ACTION

The State Board of Accounts is sometimes questioned regarding the statutory provision concerning the number of board members necessary to take official action at a board meeting.

IC 20-26-4-3 (f) states "At a meeting of the governing body, a majority of the members constitutes a quorum. Action may not be taken unless a quorum is present. Except where a larger vote is required by statute or rule with respect to any matter, a majority of the members present may adopt a resolution or take any action."

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QUORUM FOR SCHOOL BOARD ACTION

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Some specific statutes require a favorable vote from a majority of the total membership of the governing board. IC 20-26-4-4(c) states in part "If a vacancy in the membership of a governing body occurs for any reason . . . the remaining members of the governing body shall by majority vote fill the vacancy by appointing a person from within the boundaries of the school corporation, with the residence and other qualifications provided for a regularly elected or appointed board member filling the membership, to serve for the term or the balance of the term . . ."

IC 20-26-4-8 states in part concerning contracts "However, each contract must be approved by a majority of all members of the governing body." IC 6-1.1-17 which deals with formulation of the annual budget for the school corporation and IC 6-1.1-18-5 concerning additional appropriations each refers to the "proper officers" of the political subdivision which has been generally interpreted as all members of the governing board. If questions arise concerning signatures necessary on budget or additional appropriation documents, you should contact the Department of Local Government Finance.

LIABILITY INSURANCE AND ERRORS AND OMISSIONS INSURANCE

Official Opinion 80-17, issued July 25, 1980, by the Attorney General, held that a township or any other governmental entity ". . . may purchase comprehensive liability insurance for public purposes, even though the township or governmental entity neither owns nor hires vehicles at the time."

The opinion was requested as a result of a township carrying liability insurance to protect the township, officers and employees when operating their personally owned vehicles in the conduct of the business of the township.

The Attorney General cited IC 34-4-16.5-18, (now IC 34-13-3-20) a section of the Tort Claims Law, as authority to purchase the liability coverage. We are of the audit position the opinion should not be construed to mean a governmental unit is authorized to purchase or to pay the premium on liability insurance carried on an employee's personally owned vehicle. The premium may be paid only where coverage is included in the liability policy carried by the governmental entity. Such insurance may be purchased by a governmental entity only to cover the liability of the governmental entity and employees in the performance of their duties.

Furthermore, in response to questions raised concerning the propriety of paying errors and omissions insurance premiums from public funds, the State Board of Accounts requested guidance from the Attorney General's Office (Official Opinion 85-27). The advice received from the Attorney General's Office was that errors and omissions insurance does cover a portion of local official exposure over and above the tort claims act and other protections. Our audit position concurs in that errors and omissions insurance may be acquired by a school corporation as long as the coverage is for those acts or omissions falling within the official's scope of employment.

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SCHOOL AID BOND PAYMENTS

IC 20-23-4 provides for the redemption of school aid bonds if any, by a reorganized school corporation. These are bonds which were issued by the township, city or town and although they are a debt obligation of the civil unit, since they were originally sold for school building purposes, the statute authorizes the school corporation to stand the expense of redemption by way of collections in the Debt Service Fund for payment to the officials of the civil unit who must in turn repay the bondholders or the paying agent.

Our long standing audit position has been as follows if any school aid bonds still exist: A community school corporation or a united school corporation organized according to the provisions of Chapter 202 of the Acts of 1959 as amended, may assume the obligation to pay the civil corporations located within the geographical limits of the school corporation the amount of the school aid bonds and coupons coming due each year, if the reorganization plan provided for such payments. If the organization plan did not provide for such payments, the board of school trustees may, by resolution adopted, provide for making such payments to civil corporations. The exact amounts of school aid bonds and coupons coming due each year shall be paid to civil townships, civil cities or civil towns in semiannual installments on the 20th day of June and December each year, regardless of the financial status of the civil corporation's Civil Bond Fund. Prior to the 20th day of June and December each year, request that the township trustee, city controller or city or town clerk-treasurer certify to the treasurer of the school corporation the exact amount of school aid bonds and coupons coming due in July and January. The amount so certified must be paid to the civil corporations. School corporation treasurers may not pay civil aid bonds and coupons directly to the payee because these obligations are not a debt of the school corporation. Payments must be made to township trustees or civil authorities. Payments for civil aid bond obligations must be made from the Debt Service Fund, Account 54300.

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."

IC 5-10.2-4-3 limits the amount of severance pay that may be included in the annual compensation when determining the average annual compensation for use as a factor in the formula for calculating retirement benefits. IC 5-10.2-4-3 provides in part (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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LEASED VEHICLES AND MILEAGE EXPENSE

We have received questions concerning the position of the State Board of Accounts in relation to the leasing of automobiles by a school corporation and the provision for paying mileage expense for use of an employee's personal automobile when used on school corporation business.

IC 20-26-5-4(5) authorizes the governing body of the school corporation to lease an automobile or automobiles as the school board ". . . considers necessary for **school purposes**." (Our Emphasis) The State Board of Accounts is of the audit position determination of the necessity must be made by the school board. The school board may assign such vehicle to any school corporation officer or employee for use on school business as deemed necessary. The school corporation, for a school corporation owned or leased automobile, may furnish the necessary gasoline, oil, tires, repairs, etc., to maintain the automobile in a satisfactory condition for operation on the streets, roads and highways. If the automobile is leased, the fuel, repair and maintenance programs should be defined in the lease agreement. Sufficient insurance should be carried by the school corporation to protect the school corporation in relation to public liability, property damage, casualty loss and other coverage as the attorney for the school corporation may advise.

IC 20-26-5-4(9) states in part "Notwithstanding the appropriation limitation in subdivision (3), 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."

Accordingly, if the school board of a school corporation deems the situation advantageous to the school corporation from a business point of view to not furnish a vehicle for use in conducting the business affairs of the school corporation, individuals may be reimbursed by way of mileage allowance claim, for using personally owned vehicles in conducting school corporation business. The school corporation, in such instance, should not pay any of the expenses of fueling, operation or maintenance of the employee's automobile; only the mileage allowance for the miles driven in conducting the business affairs of the school corporation is permissible. The mileage allowance for actual miles traveled are to be paid at the rate per mile established by the school board and must be properly itemized on Mileage Claim, General Form 101.

TECHNOLOGY FUND UPDATE - CHART OF ACCOUNTS

Please note IC 20-40-15-6 still states "Before February 15 of each year, each school corporation shall file a report with the state superintendent's special assistant for technology. (b) A report filed under this section must: (1) be prepared in the form prescribed by the special assistant for technology; and (2) include a list of expenditures made by the school corporation during the preceding calendar year from the school corporation's: (A) fund for purposes described in this chapter; (B) capital projects fund for purposes described in IC 20-40-8-13; and (C) debt service fund to provide financing for any equipment or facilities used to provide educational technology programs. (c) Before April 1 of each year, the special assistant for technology shall: (1) compile the information contained in the reports filed under this section; and (2) present that compilation to the educational technology council."

Object account numbers 741 through 748 are intended to be used for technology expenditures.

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ESTABLISHING THE ESTIMATED COST OF CAPITAL ASSETS

The following is an update to estimated cost information provided at prior seminars concerning capital asset accounting.

When the historical cost of capital assets owned by a governmental unit cannot be determined, the following procedure should be followed.

Develop an inventory of all capital assets which are significant for which records of the historical costs are not available. Obtain an estimate of the replacement costs of these assets. Through inquiry determine the year or approximate year of acquisition. Then multiply the estimated replacement cost by the factor for the year of acquisition from the Table of Cost Indexes. The resulting amount will be the estimated cost of the asset. Estimated replacement cost in some cases can be obtained from insurance policies; however, if estimated replacement costs are not available from insurance policies, you should obtain or make an estimate of the replacement costs.

If the replacement cost is estimated to be \$76,000.00 and the asset was constructed about 1930, then the estimated cost of the asset should be reported as \$6,080.00.

$$\$76,000.00 \times .08 = \$6,080.00$$

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2009	1.00	1985	.50	1961	.14	1937	.06
2008	.99	1984	.48	1960	.14	1936	.06
2007	.97	1983	.46	1959	.14	1935	.06
2006	.94	1982	.45	1958	.13	1934	.06
2005	.91	1981	.42	1957	.13	1933	.06
2004	.88	1980	.38	1956	.13	1932	.07
2003	.86	1979	.34	1955	.13	1931	.07
2002	.84	1978	.30	1954	.13	1930	.08
2001	.83	1977	.28	1953	.12	1929	.08
2000	.80	1976	.22	1952	.12	1928	.08
1999	.78	1975	.25	1951	.12	1927	.08
1998	.76	1974	.23	1950	.12	1926	.08
1997	.75	1973	.21	1949	.11	1925	.08
1996	.73	1972	.19	1948	.11	1924	.08
1995	.71	1971	.19	1947	.10	1923	.08
1994	.69	1970	.18	1946	.09	1922	.08
1993	.67	1969	.17	1945	.09	1921	.08
1992	.65	1968	.16	1944	.09	1920	.09
1991	.64	1967	.15	1943	.08	1919	.08
1990	.61	1966	.15	1942	.07	1918	.07
1989	.58	1965	.14	1941	.06	1917	.06
1988	.55	1964	.14	1940	.06	1916	.05
1987	.53	1963	.14	1939	.06	1915	.04
1986	.51	1962	.14	1938	.06		

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OBSOLETE VOLUMES

Articles of Volume 151 of "The School Administrator" have now been updated or reprinted in later volumes or are no longer applicable. Therefore, Volume 151 which was distributed in September 2000 may now be deleted from your file.

CONFLICT OF INTEREST FORMS

Please be reminded of the conflict of interest information as discussed in the Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations at:
<http://www.in.gov/sboa/2405.htm>

Similar to the information concerning form approvals noted in "The School Administrator" March 2010, Volume 189, please submit all future conflict of interest forms electronically by e-mail. The individual submitting the request will receive a reply by e-mail.

Please send all electronic Conflict of Interest Form submissions to bfancher@sboa.in.gov Please ensure the e-mail subject line reads exactly **Conflict of Interest Forms 2010 (make sure you only use one space between form and approval and 2010)**. Future year submissions should include the applicable year, i.e., 2011, 2012 etc.

Conflict of Interest Forms not submitted electronically, will also receive an e-mail reply if we can determine an e-mail address.

Any individual desiring to receive a stamped hardcopy form approval (whether submitting the Conflict of Interest Form electronically or by mail) may receive a stamped hard copy by return mail by providing a self-addressed stamped envelope with your request.